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# THE INDEPENDENT

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## Bomb factory uncovered 'just hours before attack'

LOUISE JURY

The IRA was only "hours away" from an attack which could have caused serious loss of life when anti-terrorist officers found their bomb factory, police said yesterday.

John Grieve, commander of the anti-terrorist squad, said early morning raids on addresses in south London recovered bomb-making equipment, maps

and false identities for the bombers who intended to strike at the capital's power supplies. The targets included utilities, such as gas, electricity and water works. He described the raids as "a significant success against Irish Republican Army terrorism".

He added: "I believe that we were only a few hours away from grave loss of life and serious disruption to the ways of life of the

capital and the South-east." The squad was backed by armed police and special branch for the operation which began at 2.30am when CS pellets were fired into a house in Tooting to disable those inside.

Neighbours reported the sound of gunfire but police said this was from the CS canisters. Three of those arrested are believed to have undergone hospital checks but no firearms

were used. Seven men, some from Northern Ireland, were taken from addresses in Tooting and Peckham and were being held last night under the Prevention of Terrorism Act.

Police recovered 36 bomb timers at one of the addresses and, Mr Grieve said: "It suggests that there were to be a whole series of attacks over quite a period of time." No explosives

were found but police were continuing a search of both addresses last night and concrete-breaking equipment was brought into an address in Peckham to dig in the cellar. Two other addresses, one in Wandsworth and another in Southfields, both south-west London, were also visited but no arrests were made.

Yesterday's raids uncovered the second bomb factory local-

ised by police on the British mainland since the IRA ceasefire ended with the Docklands bombing in February. The first cache was discovered when detectives found 15kg of Semtex explosive and other bomb-making equipment at a house in Lewisham, south London, after Edward O'Brien, 21, blew himself up on his way to plant a bomb in central London shortly after the Dock-

lands attack. A £1m reward was offered for information leading to the conviction of those responsible and a further £1m reward is on offer for information on the Manchester bombing.

Commander Grieve appealed for information from people in the motor trade, particularly those dealing in cash. "We only get to where we get to with the help of the people

of London and everyone else in the UK because it's the communities that defeat terrorism and the information they contact us with is what helps us win," he said.

Police believe they have found the getaway car for the Manchester bombing. A red Ford Granada, sold three months ago in London to a man with an Irish accent, was found in Preston, Lancs.

## Major in mental health rethink

Exclusive

NICHOLAS TIMMINS

Public Policy Editor

Following a series of high-profile attacks by mentally ill people, John Major has admitted that too many asylums may have been closed and has ordered a study of whether new mental health authorities should be created to control all spending on the mentally ill.

The Prime Minister believes that existing policies are "not working as well as they should" and have led to a "growing public fear of the mentally ill".

And while the policy of closing the old Victorian asylums is "clearly right" the hospital closure programme "may have gone too far", Downing Street says, with too few replacement places available in 24-hour staffed accommodation to care for those who could be a risk to themselves or others.

The Prime Minister's concern was expressed in a letter from 10 Downing Street to Stephen Dorrell, the Secretary of State for Health earlier this year. It appears to have followed a number of high profile murders by former psychiatric patients. They included the case of Wayne Hutchinson who killed two people and injured three in a six-day period, and that of Martin Mursell who murdered his stepfather and almost killed his mother in a frenzied knife attack.

It also reflects reports from the Royal College of Psychiatrists that bed occupancy rates are running at over 100 per cent, with the beds of patients out on leave immediately filled by others. This forces too early discharge to the community.

The letter has produced a review of the way mental illness is funded across the health and social services divide. But it may also strengthen Mr Dorrell's hand in this year's public spending round. In February, the health secretary announced a programme to provide 5,000 places for the "new" long-stay mentally ill by providing, in effect, new small-scale asylums in 24-hour staffed accommodation. He was, however, able to provide little extra cash to fund or run the 400-plus homes needed.

Mr Major, however, has made clear his belief that some patients "want and require" a higher level of care and of "genuine asylum" than the community can easily provide - but there appears to be a shortage of the necessary 24-hour supervised accommodation.

The letter identifies "poor co-ordination" between health and social services as a key barrier

to delivering good quality services and says the Prime Minister "is attracted to the idea of creating separate mental health authorities who would control all mental health spending".

The Department of Health yesterday confirmed that a report on "removing obstacles" that prevented health and social services working together has been commissioned and is due to go to Mr Dorrell at the end of this month. A spokesman was reluctant to confirm that it included the option of creating new mental health authorities but psychiatrists and managers whom the department's review team consulted have confirmed that the idea is under consideration.

John Bowis, the Health Minister, has visited Kirkcaldy where the health and local authority social services have already created a separate fund run by a joint management board to buy "seamless" care for the mentally ill - an approach Mr Bowis has been commending to others.

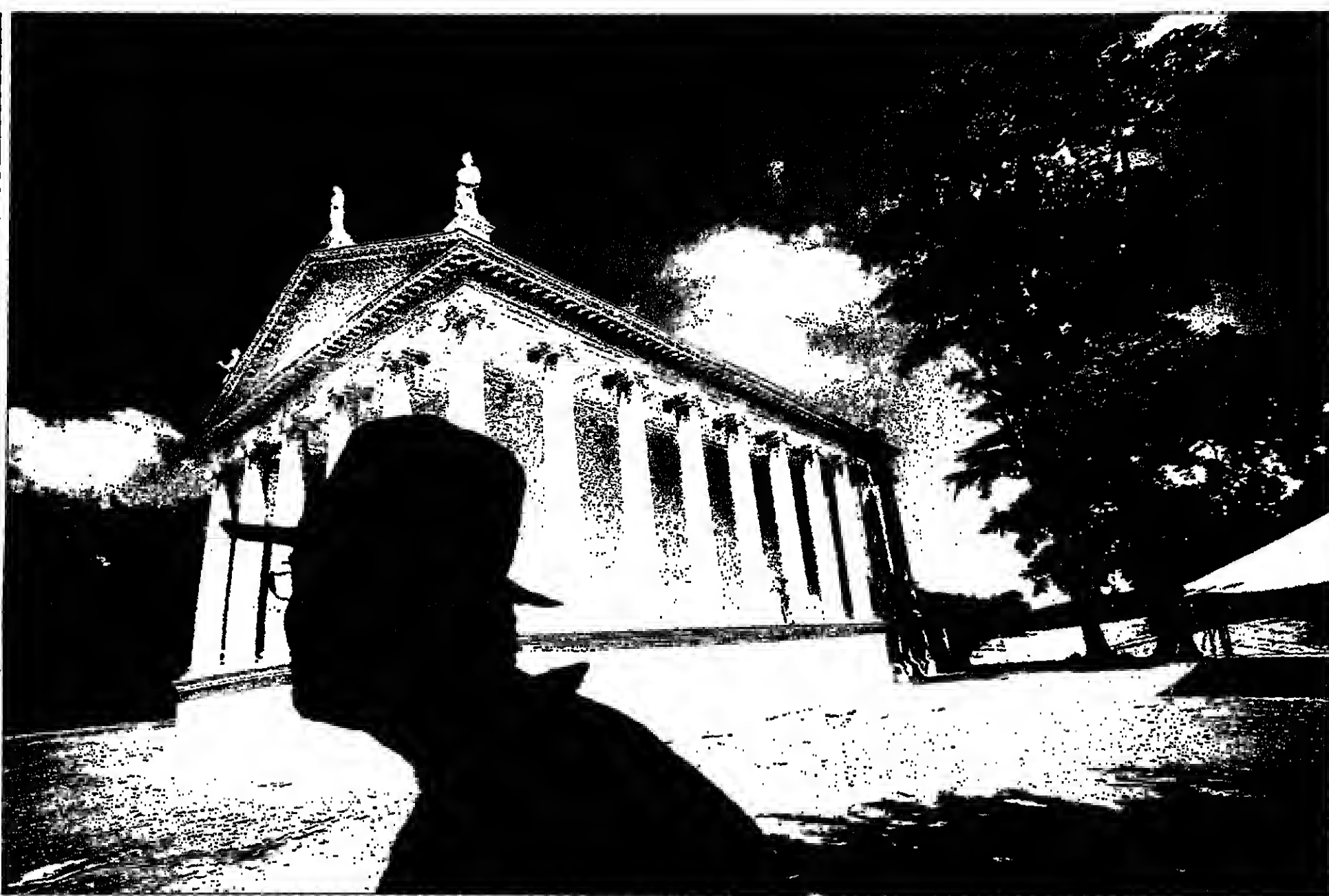
Philip Cotterill, Kirkcaldy's chief social services officer, said he was personally against creating a new authority but that it was clear the idea was under consideration as one of "a whole range of options".

Dame Fiona Caldicott, immediate past-president of the Royal College of Psychiatrists, said there was a good case for the move. Although Mr Dorrell has given mental health high priority since he took over, she said, its share of NHS expenditure had declined in recent years. A separate authority would help ensure that funds for the mentally ill were not diverted into more glamorous NHS causes "as has happened often over the years". And while joint working with social services had worked well in some places, it depended on local councillors seeing mental illness as a high priority.

In Northern Ireland, health and social services have long been run as one body. Making the change in England, however, would involve taking cash not just from the NHS but from local government which would be likely to resist the idea.

Dame Fiona said Mr Dorrell's plans for new asylum-style homes were welcome. But she warned that "in many places it is going to need additional money if it is going to happen".

The department's own study of the idea warned "it is hard to avoid the conclusion that an element of pump priming will greatly facilitate the transition". The department puts the cost of homes between £275m and £400m to build, with running costs of more than £175m a year.



Classic achievement: The restored Temple of Concord and Victory, at Stowe, Buckinghamshire

Photograph: Brian Harris

## 'Nothing horrid has ever happened to us before. No tragedy has touched us'

MAXINE FRITH, PA NEWS

A deeply emotional Shaun Russell, husband of Lin Russell, who was last week found bludgeoned to death beside her six-year-old daughter, Megan, told yesterday how his family's "idyllic" life had been destroyed.

Shaking as he frequently broke down in tears, Dr Russell, 44, talked of the brutal murders and the permanent injuries suffered by his other daughter Josephine, 9, who was left unconscious as she walked home from school with her mother and sister last Tuesday.

Police are still hunting the person who battered 45-year-old Lin and her daughters in a frenzied hammer attack in woods close to their home in Nonington, near Canterbury, Kent.

Dr Russell, who lectures in nature conservation at Kent University, said: "I swing between periods of complete desolation, but most of all I am thinking about Josephine. I want to get her over all of this as soon as possible."

"She is improving almost hourly. Every time I go to see her she is a little better. The doc-



Shattered man: Shaun Russell, in constant fear

tors tell me she is physically fairly okay. She is off the ventilator. She has got various signs of improvement to her mobility, but I can't tell how bad that will be yet."

"She is awake and she can focus on me. She knows who I am, but she can't talk at the moment. She doesn't yet know that her mother and sister are dead. I can't bring myself to tell her."

The family moved to the Kent village from North Wales last year and Dr Russell said: "To some it was the idyllic life

... Living in a beautiful little listed cottage in the country, Lin had dedicated herself to building up the garden. There were the ponies, the cats, the dogs, walking the dogs in the country. We never once felt afraid."

"The girls were very much country children. They grew up in South Africa and they were both little tom-boys. They never needed television or many toys. They had their own amusements."

"The best thing that the person who did this can do for everybody's sake, even for his own sake, is to come forward. I fear for the safety of everybody who he is near. Any animals who he is near. He killed my dog as well as my wife and child."

Dr Russell revealed that a week before the tragedy, a thief stole a plant pot from the family's garden. "It was the first time we had talked about any possible safety problems," he told a press conference. "I said that maybe Lin shouldn't go shopping every Tuesday and that we should vary our movements to deter anybody from stealing from us again."

"We had lived in South Africa for 15 years where Josie

was born, and Namibia for two years, where Megan was born, and we had never had any problems there."

"Nothing horrid has ever happened to our family before. We have led unusual and exciting lives, we have never had anything tragic touch us. A dog dying is probably the most tragic thing we have had to face."

Mrs Russell and her daughter would be buried in the countryside of north Wales which they loved so much, said Dr Russell. Clutching the hand of a police liaison officer, he explained: "It's what Lin would have wanted, it's what Megan would have wanted and it is what me and all my family want."

Of Josie, Dr Russell added: "She may be able to sketch the man we are looking for. She is a very good drawer, she gets that from me, but I don't relish the thought of having to go through that with her."

"I don't know whether I will be able to stay in Kent. It's a very idyllic part of Britain. But I returned to my house for the first time last night and the lanes and the trees and the garden

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**New pay for services**  
Defence chiefs are planning to introduce performance related pay into the armed services. The reduction in size of the forces means that there is now less chance of promotion. Page 4

**Space bug threat**  
A group of scientists are concerned that space expeditions run the risk of bringing deadly micro-organisms back to Earth, as is depicted in the novel *The Andromeda Strain*. Page 5

**Mears loses narrowly**  
Martin Mears was last night narrowly defeated by Tony Girding in his bid to retain the leadership of the Law Society in the second consecutive contested election. Page 2

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# A day in the High Court: Love, race,

Jack O'Sullivan

As a cricketer, Imran Khan recognised the grandeur of the Royal Courts of Justice yesterday. A six-struck well at the entrance of its Great Hall, would still have fallen short of Queen Victoria's bust at the other end of what is a Gothic cathedral. "Massive, awesome," said Pakistan's former skipper as he stood in

its midst, with his wife, Jemima, a few paces behind. (A deference that caused apoplexy among photographers outside, who were trying to capture the gilded couple together).

"I've never been in court before," said Khan, there to defend himself against charges that he has libelled England's finest, Ian Botham and Alistair Lamb.

Away from this battle of cricketing

goliaths, a different justice was being sought. As Jemima glided into Court 19 in her blue kaftan dress with kitten-heeled open sandals, Alan Bell was in Court 52, seeking compensation from Camden Council. A former postman, Mr Bell, 62, fell down some steps during his deliveries in 1989. He has hardly worked since, due to a back injury. "I don't sleep with the wife anymore,

because I always wake up in the night." As George Carman QC flirted with the jury on £500-plus per hour in the Imran Khan case, Mr Bell sought some restoration of six years' wages, worth £250 a week. Were the steps slippery and dangerous? Mr Bell will hear tomorrow what the judge thinks.

These Royal Courts are no ordinary court buildings. They may have

recalled for Khan the elegance of Oxford University, his *alma mater*. But they are quite different from the squat, forbidding fortress of the Old Bailey, only 15 minutes' walk away, which reeks of prosecution and persecution. The Great Hall, opened in 1882, with its vaulted roof in white stone, stained glass windows, marble floors and uplifting arches produces a solemnity more in praise of

God than law. The "daily cause" list looks at first more a petition for lost souls than a catalogue of accusation.

The judges' entrance is a more honest representation of true purpose. Over it are a stone cat and dog representing litigants in court. And yesterday saw all of human life laid bare - pettiness alongside life and death - at the apex of Britain's civil and appeal court system.

## Fugitive Baron's dissolute lifestyle to be kept secret

Queen's Proctor v Moynihan

The colourful life and nefarious times of the late Third Baron Moynihan will remain shielded from the public eye after a High Court judge yesterday invoked a 1926 Act designed to protect the populace from moral outrage. The ruling was made at the opening of a hearing to settle competing claims to the title of the peer, who died from a stroke in 1991 while running a string of lucrative brothels in the Philippines.

Two boys, aged seven and five, whose Filipino mothers claim they were Lord Moynihan's fourth and fifth wives, are laying claim to the title.

Colin Moynihan, 49, the former Conservative sports minister, also has an interest in the outcome of the hearing, because as the half brother of the late lord, he also has a claim. Mr Moynihan wants to stand as an MP again, having lost his Lewisham seat in the 1992 General Election, but cannot offer himself as a candidate for any seat because, if he does become the Fourth Baron Moynihan, he will be elevated to the House of Lords and there would have to be a by-election. The case had promised an insight into the colourful antics of Anthony Patrick Andrew Cairnes Berkeley Moynihan.

Third Baron Moynihan of Leeds, who fled to Manila in 1970 to evade a string of arrest warrants over gambling debts and assorted fraud allegations. It was known he lived life to the full, building up a £3m fortune from his involvement in the sex industry, and earning himself the nickname of the "Ermine Pimp".

But the Queen's Proctor has stepped into the case to challenge the legality of Lord Moynihan's divorce from his fourth wife, Editha, 35, who claims that her signatures on the court papers were forgeries.

This means that the hearing becomes, in effect, a contested divorce case, and Sir Stephen Brown, President of the Family Division, ruled that the Judicial Proceedings Act must apply, and that reporting is strictly limited to names and charges until the judge gives his ruling at the end of the hearing.

Lord Meston QC, representing the Queen's Proctor, told the judge that the decrees nisi and absolute, granted to Lord Moynihan by Tunbridge Wells County Court in 1990, were void.

It follows that Lord Moynihan's marriage to his fifth wife, former belly-dancer Jinna, now 31, was also void because it was bigamous, and their son, Daniel, aged five, is illegitimate and therefore does not have a claim to the title.



Colin Moynihan: Half brother of the late lord

It is also known, however, that DNA tests on Editha's son, Andrew, and samples left by the late lord show that he could not have been the father.

If both the sons of Lord Moynihan's oriental wives are ruled out, Mr Colin Moynihan will become the Fourth Lord Moynihan of Leeds and will have to set his political sights on a career in the House of Lords.

Lord Moynihan's fortune in the Philippines (he left Britain with virtually nothing) will not be settled at this hearing, but is expected to go to one of the battling wives in Manila.

But details of the High Court battle will have to wait until Sir

Stephen Brown gives his judgment at the end of the hearing which is expected to last 10 days.

Although the judge ruled that the case came under the Judicial Proceedings Act, the Attorney General's office later agreed that details of the opening could be published.

He had told the court how Lord Moynihan fled from Britain facing 57 criminal and fraud charges and in March, 1970 made an announcement in the *Times* newspaper that he would never return to the UK.

He said that the first of "a number of remarkable documents" was a marriage certificate in the name of Colin Moynihan, signed in the Philippines, and a woman said to have been the peer's fifth wife, Jinna. Lord Meston said that Lord Moynihan did use the name "Colin" and also had various passports and driving licences in different names.

When the divorce papers were lodged at Tunbridge Wells County Court, the Manila address of Editha, the respondent, was given as Flamingo Health Services, "what is euphemistically called a massage establishment", said Lord Meston.

He asked for his decree absolute to be speeded up so that he could marry Jinna, who was pregnant by him, because he wanted to "make an honest woman of her".

The hearing continues today.



Playboy days: Lord Moynihan with bunny girls in London in the 1950s

Photograph: Rex Features

## Police challenge Hillsborough ruling

PATRICIA WYNN DAVIES  
Legal Affairs Editor

Five police officers who suffered post-traumatic stress disorder after tending to victims of the 1989 Hillsborough tragedy yesterday challenged a High Court ruling that they were not entitled to compensation.

Their appeal follows last month's out-of-court settlement with 14 officers who suffered psychological illness after

struggling to save fans from being crushed to death in pens at the Leppings Lane end of the Sheffield stadium.

Pc Mark Bairstow, Pc Anthony Beavis, Pc Geoffrey Glave, Sgt Janet Smith and Insp Henry White attended to the dying or dead outside the Leppings Lane enclosures where the tragedy took place.

A sixth officer in the original case has decided not to appeal.

The three defendants to the

Officers v South Yorkshire Police

action - South Yorkshire Police, Sheffield Wednesday Football Club and the club's engineers - have admitted liability for negligence. But Mr Justice Waller ruled last April in respect of the six that they were not close enough to the scene of the tragedy to be entitled to compensation.

Claims from a further 17 officers will depend on the out-

come of the two-day appeal, the first time this area of the law reached the Court of Appeal.

Benet Hytner QC, for the five, urged the Lords Justices Rose, Henry and Judge to rule that the judge had been wrong to hold that the relationship between the officers and their chief constable did not give rise to a duty not to expose them to a foreseeable risk of psy-

chiatric injury. Further, he also ruled incorrectly that different considerations applied in the case of a rescuer who suffered psychiatric damage from those which applied to a case of physical injury, Mr Hytner said.

The officers' solicitor, Simon Allen, said outside the court: "They accepted the reasonable risks of their service, but they should not be expected to deal with the appalling consequences of the negligent actions of others."

A ruling in favour of the officers will, however, re-ignite anger among bereaved families of the 96 dead fans - many of whom received either only modest compensation, or none at all, under the law.

The House of Lords has ruled that relatives suffering post-traumatic stress after watching the horror unfold on television, or at the Hillsborough ground, or mortuary some hours later have no claim in law.



Police officers helping the injured at Hillsborough

## SIGNIFICANT SHORTS

The controversial reign of Martin Mears as Law Society president was at an end last night after "establishment" candidate Tony Gilling narrowly captured the top job in the annual elections. Mr Mears' attempt to make history by winning the second consecutive contested election ended in disappointment as 15,911 members backed Mr Gilling to Mr Mears' 14,239. The humiliation was all the greater because Mr Gilling's two running mates, Philip Sycamore and Michael Mathews, also saw off candidates from the Mears' slate. In likewise close votes, Mr Sycamore beat the current vice-president Robert Sayer by 16,319 votes to 14,852; Mr Mathews beat the deputy vice-president David Keating by 16,080 to 14,359.

The urbane Mr Gilling, the 52-year-old senior partner of his Kent solicitors' firm, is currently vice-president. His team fought the election as official candidates of the Campaign for New Leadership, formed to oust the iconoclastic Mr Mears and his sympathisers from office. Speaking in the wake of a bitterly fought campaign, Mr Gilling said: "We must put behind us the intense and sincere disagreements of recent weeks." Patricia Wynn Davies

The Treasury has used a series of big arms projects to avert the threat of a Government defeat tonight over the £1.6bn sale of armed forces quarters. Ministers have denied any direct link between the sale of the estates and weapons orders. But senior Tory sources said last night that leverage had been applied to the Secretary of State for Defence, Michael Portillo, by Kenneth Clarke, the Chancellor, who has told Mr Portillo a decision cannot be reached on the orders until the homes sale vote is settled. A Cabinet committee has stalled the decision on the £2bn replacement of the Nimrod surveillance aircraft for a fortnight. It is expected to reach a decision on Thursday, along with orders for a new missile, which could produce thousands of jobs.

Labour will force a vote on the sale of the Ministry of Defence homes tonight in the Commons, and tabled a motion in identical terms to one supported by 65 Tory MPs to maximise the rebellion. But the Tories have been under intense pressure by Mr Portillo and senior colleagues not to vote with Labour, which has whittled the rebels down to 22. Colin Brown

The embattled Dean of Lincoln Cathedral, the Very Rev Brandon Jackson, has written to the Archbishop of Canterbury, Dr George Carey, to protest that Dr Carey held a press conference earlier this month to discuss his efforts to persuade him to resign. Dr Jackson returned yesterday from a fortnight's holiday, on which he was considering his future, and immediately issued a statement saying: "As a result of the flurry of publicity surrounding the statements of others during my absence, I have returned to mountains of letters urging me not to resign. However, people familiar with his thinking suggest that he may finally be preparing to leave his post after seven years in office, during which he has survived a full-scale trial for adultery with Verity Freestone, a former verger at the cathedral, and striven mightily to rid the cathedral of its Sub-Dean and treasurer, Canon Rex Davis. Andrew Brown



The father of ecstasy victim Leah Betts (above) said yesterday that drug education should be started in primary schools, as new research revealed that nine out of ten teenagers were ignorant about its effects. Paul Betts, whose daughter died after taking a tablet at her 18th birthday party at her home in Letchington, Essex, last November, said children should be given the "total truth" about drug taking "very early".

The survey of 5,000 14- to 18-year-olds found that many were unaware that taking ecstasy could be fatal and almost half did not know that it could cause death at any time, not just the first time it was taken. In Britain, more than 500,000 people are said to use the drug each week. Glenda Cooper

Mondex UK Ltd  
Following our article of 8 July about the electronic cash scheme in Swindon, its operators, Mondex, ask us to point out that the pilot is still continuing in the town.

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# sex, money, class, cricket - and death

Imran Khan was not the only big hitter. There was Colin Moynihan, a former Tory sports minister and Olympic rowing medalist, fighting for his late half-brother's peerage against those springing from the deceased Lord Moynihan's sleazy past: Daniel, five-year-old son of a Filipina belly-dancer, and Andrew, seven-year-old child of another of his Oriental brides.

Terry Venables was down to defend himself against those who want to disqualify him as a company director. But, like the ongoing saga of an attempted takeover of Leeds United Football Club, it was adjourned. Likewise, the Mousetrap of the court's daily theatre, the McDonald's libel trial, Britain's longest ever, took a day off.

Litigation is the lifeblood of these

courts. In the Great Hall are two portraits, known as "The Fire Judges", the judges who settled the land disputes after the Great Fire of London in 1666. Today, the celebrities are barristers. In Court 19 are two of the finest, George Carman, street-fighter, representing the elegant Khan, and Charles Gray QC, patrician, representing bad boy Botham.

"A libel action," one defamation

lawyer said yesterday, "is like putting on a stage production. The only difference is that you don't have a script for the witness. You never know what your actors will say. It gives colour, uncertainty and a serious edge to the drama."

And yesterday, Gray, like a formulaic Greek playwright, set out the plot and moral of his tale as he laid out the rules of cricket and Khan's

"offensive" accusations about ball-tampering, race and class.

And last night, Howard Law-Thompson slept with more hope. He was sentenced to life imprisonment after he confessed to the police that he tried to kill his mother with a cleaver. But, yesterday, Sir Louis Blom-Cooper QC, one of Britain's leading mental health law experts, told Court 7 how the 17-year-old had

been interviewed without the required responsible adult, even though he had been diagnosed with adult autism. His appeal continues.

At the end of the day's business, 4.30pm, Imran, Botham, Jemima, Sir Louis and Alan Bell streamed out of the Royal Courts into the sunlight. In the cloistered calm left behind, it would have been fitting for a line of monks to file out for Evensong.



Opposing teams (from left): Jemima and Imran Khan, Lindsay and Allan Lamb and Kath and Ian Botham in court today.

Artist: Julia Quenzler

## Botham steps up to crease for libel battle

CLARE GARNER

*Khan v Lamb and Botham*

Jan Botham played a straight bat against his cricketing rival Imran Khan as he stood in the dock yesterday afternoon, denying that he was a racist and a ball-tamperer. The jury was well briefed on the lingo and acrobatics of the game. Charles Gray QC, representing Mr Botham and Allan Lamb, delivered an ABC guide to cricket - even though he admitted that his definition of a twelfth man was wide of the mark.

As the most expensive libel case in cricketing history got under way at the High Court, Khan revealed a fresh line of attack on England's record-breaking all rounder. It emerged that just last week Khan's defence team had announced it was making fresh allegations - this time of ball-tampering by Botham - and that it would be showing video footage of the two offending occasions, one during Pakistan's first innings in the Test match at Lord's in 1982 and another in the first innings of the Test match at the Oval in the same year.

The two cricketing legends are battling it out over racism, breeding and cheating. Botham is suing Khan, the test cricket captain, for allegedly suggesting that he was racist, not properly educated and of inferior social standing. Both men are supported by their wives, Kath and Jemima respectively, who sat beside their husbands for the hearing.

The saga began in 1994. In a dramatic interview with *India Today*, which took place in the magazine's London bureau, Khan is quoted as saying: "There's a lot of racism here. When Bob Willis and Freddie Trueman were tearing the heart of Pakistan batting we never heard an outcry... Australians can get away with anything because they are white. There's a lot of racism in this society. Look at people such as Lamb and Botham making statements like 'I never thought much of him anyway and now he's been proved a cheat'. Where is this hatred coming from?"

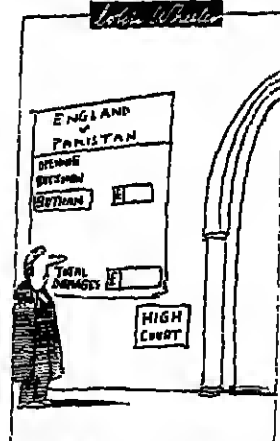
Khan allegedly went on to say that England suffers from a "class problem". He pointed to the difference in class and upbringing between education "Oxford types" like Tony Lewis, Christopher Martin Jenkins and Derek Pringle, and others like "Lamb, Botham and Trueman".

Rolling a cricket ball in the palm of his hand, Botham told the court he had first read Khan's accusations in the *Independent*. "Anger" he said, "I was just very screwed up inside. I couldn't understand what this

was about. I thought we'd got rid of the day of amateurs and professionals. To me it's open to anyone to play. It's not an elite sport." Botham described his background, of which he said he was "very proud". He left his secondary modern school in Yeovil, aged 15, to play cricket at Lord's and appreciated the sacrifices his parents made on his behalf. His mother would be very upset to hear the exact nature of the accusations, "and rightly so," he said.

Racism was something he had fought all his life. He wasn't bothered whether a player was "green and yellow with red spots and comes from Mars". He recalled a time he had intervened, when Viv Richards, the former West Indian captain, was called a "black bastard" and explained how he left his home county club of Somerset in protest over its treatment of Mr Richards and Joel Garner, both Afro/Caribbean players.

But despite the seriousness of the occasion, Botham wasn't averse to cracking jokes. The irreverent moment elicited a rip-



ple of laughter from the public gallery, while Khan and his pregnant wife, Jemima, fixed their adversary with a steely stare. When he asked whether he was "fussy" about who he shared a room with on tour Botham replied "Derek Randall [the Nottinghamshire and England batsman] could have been a worry. He's snores like hell. But apart from that, not at all." He had shared with coloured people on many occasions, he added.

On the subject of fair play, he said you could stretch the laws of the game "to a point" - but only so far. Tampering with the ball was alien to him, he said. "I've never lifted the seam, not even in the nets."

And as for explaining the phrase "looking after the ball a bit better" he said wearily "I understand it [the phrase] a bit better now."

The case continues.

## Royal divorce just another sorry case

*Windsor v Windsor*  
REBECCA FOWLER

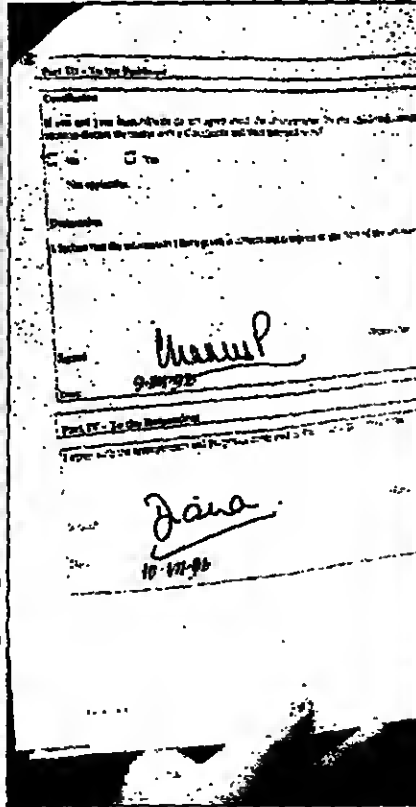
The judge adjusted his yellow wig for what might have been another ordinary day's business in the divorce courts - a nurse, a housewife, a railway signal engineer and a serving prisoner were among the petitioners on his list.

But then history was made as the clerk came to the 31st case and read out, in the same steady voice, the names of their Royal Highnesses, the Prince and Princess of Wales.

As the sun streamed through into the small, pale green room, and 29 journalists packed the usually empty public benches, it seemed more like the perfect day for a wedding. But 15 years on, the famously tortured marriage of the heir to the throne, was finally being undone in Court One at Somerset House, London.

For a fee of £80, the couple, who like all the other petitioners were not in court, were granted a decree nisi. In six weeks and one day, Prince Charles, who initiated the divorce proceedings on the grounds of "irreconcilable differences", will apply for the decree to be made absolute and for an additional £20, the fairy-tale will be officially declared null and void.

Despite their historic status, the proceedings yesterday lasted a mere three minutes. Senior District Judge Gerald Angel has



It's all over - nearly: Prince Charles in Brunel today, the decree nisi and Princess Diana

acquired a unique royal role in recent years, having also given Princess Anne, Camilla Parker-Bowles and the Duke and Duchess of York their divorces in the same court room.

Robin West, the manager of the Family Division of the High Court, based at Somerset House, which processes 9,000 divorces a year, summed up the

mechanics of the procedure: "To all intents and purposes, it's a bit of a non-event."

It was impossible not to recall that perfect summer's day 15 years ago, the somewhat lengthier ceremony at St Paul's Cathedral, watched by 100 million people, and the famous image of the smiling wedding party, while thousands lined

the streets to take part in the royal fantasy.

Instead, yesterday's event cemented the royal couple less cheerfully as a mirror of the nation - dysfunctional and unhappy. The reasons given by the other 30 petitioners on the case-list for the breakdown of their marriages echoed many of the Wales's experiences.

One poignantly described the horrors of an unhappy marriage: "I still suffer from nightmares about the respondent. I am still nervous, lacking in self-esteem and depressed because of the respondent's cruel behaviour towards me. I was prescribed Prozac and other anti-depressants."

A husband had petitioned for

divorce on the basis of his wife's unreasonably lively social life. He said: "The respondent behaved badly, he staying out late at night and drinking heavily. Tension grew between us and she left in July 1992. I have not heard of her ever since."

In circumstances that reflected the Waleses until 1993, when they formally separated, one couple said: "We have lived separate lives in the same home for some time." Another wife explained how her husband told her he had been staying with a woman in Ivory Coast, by whom he had had two children.

Perhaps the only real difference between the royal couple and the other petitioners was their divorce settlement. Princess Diana will receive £1m for each year of her marriage to Prince Charles, but her appearance as HRH on the court list may be the last time, since she is to relinquish the title.

The Princess at Kensington Palace yesterday, and is expected to go on holiday to France with the Duchess of York this week with their children, while the Prince was in Asia, watching a military parade as part of the Sultan of Brunei's 50th birthday celebrations.

For passers-by who paused outside Somerset House and recalled their street parties for the royal wedding, there was little left to celebrate. Judith Woodford, 53, a physiotherapist from St Albans, Hertfordshire, said: "It did seem like a fairytale then, we were so excited, and now it's all over."



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# Forces pay to be linked to skills

CHRISTOPHER BELLAMY  
Defence Correspondent

Defence chiefs are planning to introduce performance related pay into the services as prospects for promotion decrease, senior defence sources revealed yesterday. As the forces get smaller, there will be less chance for promotion - the traditional way of rewarding good performance.



Michael Portillo: Decision in next few months

that people with special skills and experience can be paid more even if promotion is not available.

The recommendations have to be approved by Michael Portillo, the Secretary of State for Defence, and a formal announcement is expected in the next few months.

The plans are based on last year's recommendations by Michael Portillo, the former deputy chairman of British Telecom who conducted a radical review of armed forces' pay and conditions. Most of his recommendations have been thrown out, notably plans to "flatten" the hierarchy by merging certain

ranks. The only recommendation accepted was the abolition of the "five-star" ranks of Admiral of the Fleet, Field Marshal and Marshal of the RAF. But Mr Portillo's proposals to merge major generals with lieutenant-generals, and full colonels with brigadiers, and their Navy and RAF equivalents, have been ditched.

With the Army reducing its personnel to 100,000 by the end of the century, the Air Force to 60,000 and the Navy to 44,000, fewer units, aircraft and ships, and more tasks shared between the services, the number of vacancies for people in the top ranks is diminished.

Mr Portillo is known as a keen advocate of performance related pay. His recommendation is seen as helpful as the services become even more technical, and face difficulty retaining highly qualified specialists such as electronic warfare experts, computer, signals and aviation engineers and pilots. The working group on the Portillo report, made up of senior military officers and civilian officials, has recommended these staff be paid something closer to the going rate for the job.

The working group rejected Mr Portillo's recommendation that the right of service personnel to draw a pension from the age of 40 should be abolished. The proposal caused an outcry within the armed forces as this right was seen as vital to help people setting up in civilian life while they might still have young children. The group strongly recommended the right be retained.

The sources also confirmed that the Army Board had rejected the idea of recruiting women into the front-line but was looking at greater opportunities in all the other branches of the service, including artillery and engineers, where women already do some jobs.

## Ulster on the edge: Ministers struggle to salvage the peace process amid party acrimony



The funeral cortege for Dermot McShane, who was killed during rioting in Londonderry last week, passing through the city's Bogside area yesterday. Photograph: Alan Lewis

### Review of Ulster marches ordered

COLIN BROWN  
Chief Political Correspondent

A review of marches in Ulster was ordered yesterday by the Northern Ireland Secretary, Sir Patrick Mayhew, in an attempt to defuse the explosive tensions over the marching season in the province.

In a separate move, Sir Patrick Mayhew agreed to Irish pressure for an urgent meeting with Dick Spring, the Irish Foreign Minister, to thrash out the deep-seated differences between the two governments. The Prime Minister will also meet Ulster Unionist and

SDLP leaders in the next few days in an attempt to keep the talks process in Ulster alive.

The Irish Government will demand that the review of the marches - with the prospect of a commission to vet the route and size of processions - should be independent, and be brought in as an emergency measure to deal with Orange parades next month.

Dublin and London will underline their determination to rescue the talks process, with another meeting attended by the democratic parties in Belfast today. But the Irish are deeply concerned by the threat

of the Apprentice Boys to stage a march in Derry on 12 August along the same route as a march in 1969 led to deployment of the Army on the streets.

Sir Patrick made it clear in a statement to the Commons that he would use the talks, expected to resume on Thursday, to rebut the "quite unjustified and unwarranted criticism" by the Irish Prime Minister, John Bruton, of the decision to allow the march in Drumcree to go ahead, which rekindled violence across the province.

David Trimble, the Ulster Unionist leader, came in for sharp Commons criticism for his role in the Orangemen's protests. Mo Mowlam, the Labour spokeswoman, had been urging an independent review of the marches on the Government for some time and reiterated her call. David Steel, for the Liberal Democrats, accused Mr Trimble of saying, in effect: "There is a crowd; I must follow it."

At a hurriedly arranged press conference, Mr Trimble said Drumcree was in his constituency and it was inevitable he would be involved.

MICHAEL STREETER

Protestant families are being intimidated into leaving their homes and Unionist buildings without proper police protection, the Reverend Ian Paisley claimed yesterday.

The Democratic Unionist Party leader also called on the new Peace Forum to look into the issue of Orange parades in the run-up to the "next great crisis point" of marches to be held on 12 August.

At a hastily convened press conference the Reverend Paisley bitterly attacked the SDLP and its leader John Hume for "resigning" from the Forum and running away from talks, saying this allowed Sinn Féin and the IRA to orchestrate nationalist protests.

"We have tabled a motion for Friday 19 July, calling for the establishment of a special committee to examine the contentious issue of public order at parades," he said.

Such a committee, he said, should report before the Apprentice Boys' marches occurred next month, and review the province's public order laws

which posed a threat to the traditional Orange parades.

Rev Paisley said he would be meeting Northern Ireland Secretary Sir Patrick Mayhew this morning and demanding that the SDLP rejoin the Forum. "Otherwise they will be scuppering the talks," he said.

As nationalist protests continued, Rev Paisley highlighted attacks on Orange Halls and Protestant homes and monuments. In one case in Co Tyrone, he said, a Protestant had telephoned him to say his house was surrounded by nationalist protesters and that the police had told him they could not attend - and simply advised him to leave his home.

He said Protestants were even more at risk after the funeral of Catholic Dermot McShane who was killed during rioting at the weekend. Mr McShane, a former member of the INLA, was crushed by an army vehicle during rioting early on Saturday morning. He was buried in the city's cemetery yesterday. His funeral in Londonderry, which was attended by 1,200 people including John Hume and senior Sinn Féin representative Martin McGuinness, passed off peacefully.

The aftermath of the upsurge of violence in the province has come as a bitter blow to members of the community who had grown hopeful during the ceasefire.

Catholic priest Fr Con McLaughlin said at the Long Tower Catholic Church in the city he had never seen the community so depressed "almost to the point of despair". He appealed for calm on all sides.

Protestant homes have been attacked in Newtownbutler, Co Tyrone, and in Newry, and Newcastle in Co Down, where one family had to flee their home via the beach.

The attacks mirror last week's events when many Catholics, including 40 in north Belfast, were intimidated out of their homes by Loyalist mobs.

A police source said: "We have now seen Protestant homes and businesses targeted in the same way as Catholics were last week."

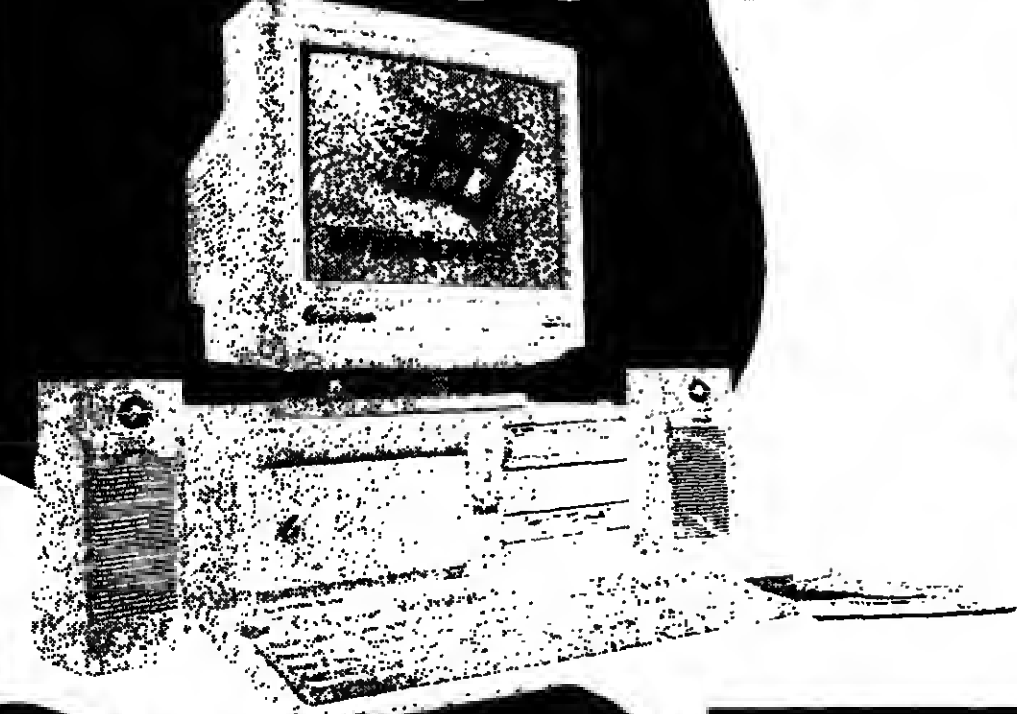
The province was relatively quiet yesterday, compared to the chaotic week following the Drumcree siege, but in Belfast the morning saw 50 petrol-bombs hurled at the New Barnsley police station by nationalists, while in Downpatrick youths threw 60 petrol-bombs in bitter clashes with the security forces.

A taxi was set fire in Cookstown and in Armagh three BP tanker lorries were set ablaze. Unusually, there was also nationalist rioting in Enniskillen, where the day before a 1,200 lb bomb had ripped apart the Killinevin Hotel.

Police said it was still not clear who planted the device following denials from Republican Sinn Féin and the IRA.

David Ervine of the Progressive Unionist Party, who is close to Loyalist paramilitary thinking, said he was still "gloomy" about the future of the peace process, but said that the IRA's denial, though he did not necessarily believe it, was probably enough to keep Unionist paramilitaries to their self-imposed ceasefire.

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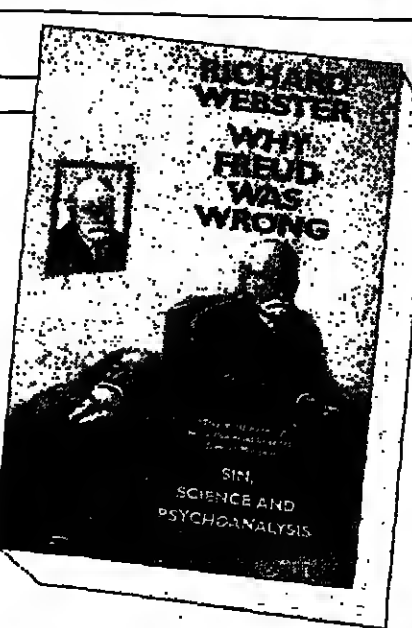
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# Alien risk: Deadly infections could be brought back by expeditions as reality mirrors science fiction, says former Nasa expert

## Bugs from space a threat to the Earth

CHARLES ARTHUR  
Science Editor

There is a tiny but real risk that future space expeditions might bring back deadly micro-organisms to Earth, as happened in the novel *The Andromeda Strain*, according to an international group of space scientists.

John Rummel, formerly in charge of the planetary protection program at the US space agency Nasa, said: "We don't know if there are organisms out there, so we have to take precautions."

Now based at the Marine Biological Laboratory, in Massachusetts, he said that the odds of discovering sites where Earth-like life could grow had increased greatly. "It appears that life is a natural product of planetary evolution," he said. "So we have to be ready for surprises."

An international space conference in Birmingham was told that Nasa had allowed insufficient time to design quarantine systems for samples returned from the Moon during the Apollo missions, leaving a risk of contamination being brought back. "They spent \$24m on something that, in the end, satisfied almost nobody," Dr Rummel said.

Such systems would have to be better designed when dealing with samples from Mars, which had a far greater potential for harbouring life, he said.

The space and life scientists reviewed plans in place to protect the Earth from contamination by any life-form that space travel might reveal, whether on the Moon, Mars or even comets - which are

thought by some to have seeded life on Earth.

Scientists told the conference that 12 meteorites had landed on Earth from Mars, revealing that millions of years ago conditions on the planet could have allowed life to develop.

In *The Andromeda Strain*, by Michael Crichton, a space capsule returns to Earth having picked up a deadly micro-organism which subsequently kills almost all the inhabitants of a town. The problem for any real-life scientists battling against such an organism would be recognising it.

The scientists, who met yesterday in Birmingham at the start of a six-day conference which is expected to attract 1,500 delegates, are understood to urge a cautious approach in returning rocks and other samples from Mars and Europa, one of Jupiter's moons. "Until we find life somewhere else, we don't really know what we know," Dr Rummel said.

Scientists have long been aware of the possibility that interplanetary life might be dangerous to human or other Earth life. But the worries about contamination of one planet by another also extend the other way: Nasa's designs now include precautions to ensure that life from Earth - such as bacteria - is not spread to Mars by spacecraft. Such contamination could easily lead to the exciting but false "discovery" of life on the planet.

However, the risks from other worlds remain low. So far, the only death caused by material from Mars is that of an Egyptian dog, in the last century. It was hit by one of the 12 meteorites.

## Little hope for Siamese twin girls

LIZ HUNT  
Health Editor

Siamese twins born with a single heart and sharing other vital organs are unlikely to survive beyond a few weeks, doctors said yesterday.

The twin girls, born last Thursday at the Queen Mother's Maternity Hospital, Glasgow, are joined at the chest and the abdomen and have severe liver, kidney and bowel abnormalities.

The shared heart effectively rules out any chance of both twins surviving an operation to separate them. The parents, who have not been identified, have said they would only agree to separation if there was a good chance for each baby to enjoy a reasonable quality of life.

The babies, born four weeks early by Caesarean section, weighed 11lb and are being ventilated and fed intravenously in the hospital's intensive-care unit. Both have been baptised and their mother was able to hold them the day after delivery.

A detailed investigation of their conjoined state has not been possible because of their poor condition, Dr Barbara Holland, a consultant paediatrician, said yesterday. She said they may survive days or even weeks, but their outlook was "very poor".

"They have very severe illnesses and it's doubtful they will survive very long. They have abnormalities of several of their organs," Dr Holland said.

The mother of the twins, a woman in her thirties from central Scotland, who has other children, was unaware that she was having two babies until the day before their birth.

She had undergone an ultrasound scan at her local hospital because doctors thought she was large for her stage of pregnancy. When conjoined twins were identified, she was referred to Glasgow for confirmation and doctors decided to deliver the babies immediately.

A spokesman at the hospital said yesterday that the woman had had a routine scan at 8-12 weeks of pregnancy and no problems were identified. It appears that another routine

### Shared bodies, different lives

Conjoined (Siamese) twins are identical twins who have failed to separate completely from a single fertilised egg. In Britain in the 12th century, Mary and Ellen Chulchurst, from Kent, joined at the hip and shoulder, are reputed to have lived until the age of 34. The first recorded Siamese twins in modern times - and the best known - were Chang and Eng born in Thailand (formerly Siam) in 1811.

Until their death in 1993 at the age of 43, Yvonne and Yvette McCarther, from Los Angeles, were the world's longest surviving Siamese twins. Joined at the head and sharing the same circulation, they toured in a travelling freak show, before training as children's nurses in their 30s.

Chloe and Nicole Astbury were the most recent British Siamese twins, born on 14 September last year at St Mary's Hospital, Manchester.

They were joined from the breast bone to the navel and underwent an operation to separate their bowels in the first few weeks of life. Complete separation was planned for sometime in their first year, but the girls died from a bowel disease.

scan at 16-20 weeks did not take place - some women decline this - and apart from her size, there were no indications that the pregnancy was abnormal.

Dr Gavin Hanretty, who with Dr Allan Cameron delivered the children, said the delivery was well planned and "pretty straightforward in the circumstances". It took about 40 minutes. He said the parents were very anxious but were receiving support from hospital staff and their own family.

"They have been kept fully informed and have had a lot of contact with their children... [the mother] appears to be remarkably well under the circumstances," he said.

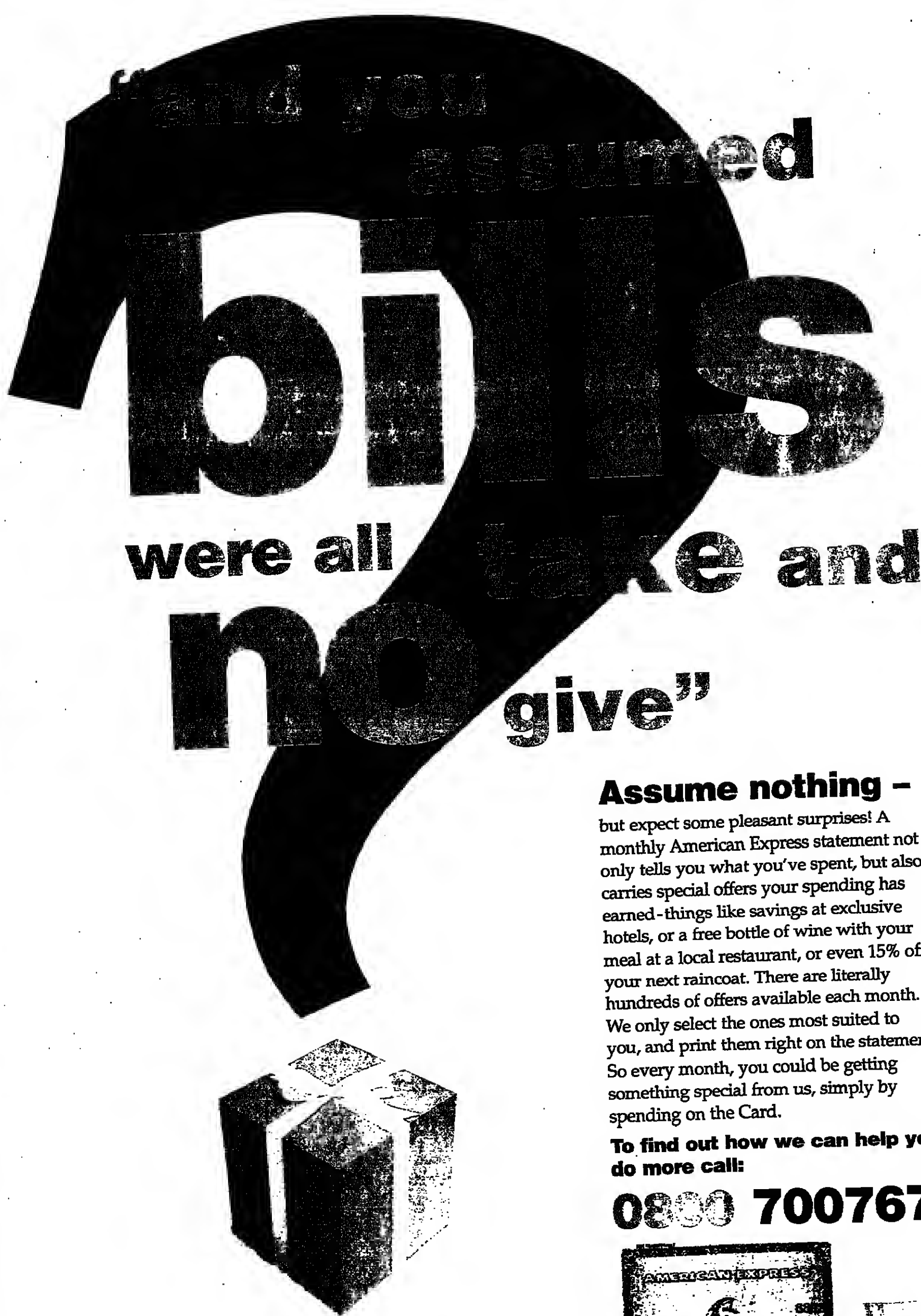


It came from outer space: Kate Reid and James Olson in the 1970 film of the *The Andromeda Strain*

Photograph: Ronald Grant Archive

The fear that aliens may not be good for us has a long history, forming the stuff of science fiction down the years - from *The Quatermass Experiment* in the 1960s, in which one of the British crew of an orbiting rocket is transformed into what looks like a molten tree on legs, through *The Andromeda Strain* in the 1970s, when a microscopic organism clots the blood instantaneously, causing immediate death, to the forthcoming movie *Independence Day*, about an all-out attack by aliens against our world.

When the aliens are friendly, the standard move is to depict authoritarian bodies, desperate to keep things secret. In *E.T.* and *Close Encounters of the Third Kind*, the aliens were friendly, and so were their bacteria. But the signs are that, if we do encounter life, we would do better to adopt a cautious approach, rather than take it immediately to our leader.



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The Dalai Lama brings a note of Buddhist peace and harmony to Britain



Peace in our time: The Dalai Lama in London at the start of a week in Britain promoting 'Peace in Action'; in his public talks to be given in London and Manchester he will stress the need for individuals to work for peace and to keep a sense of 'universal responsibility' Photograph: Jane Baker

## Lone MP says 'no' to that £9,000 pay rise

ANTHONY BEVINS  
Political Editor

Only one MP has so far told the Commons authorities that he, or she, wants to restrict their pay rise to 3 per cent, even though 170 MPs voted for that degree of restraint last week.

A spokesman for the House of Commons Fees Office said yesterday that MPs had until the end of this week to limit their increase for this month's salary payment. After that, it was likely that any voluntary cuts would come out of next month's.

Under the terms of the Commons resolution passed on MPs' pay, the backbench salary goes up from £34,085 to £43,000, back-dated to 1 July - an increase of 26 per cent, or £445.95

a month after tax at 40p in the pound.

Chris Mullin, the Labour MP who was barracked in the debate when he called for restraint, said yesterday he would take a 3 per cent rise - just over £1,000 a year - and give away the rest of the £8,915 gross increase. "I have had for some years a donations account, so for anything over 3 per cent, I will transfer it into that account and give it away," he said. "If I were to leave it with the Treasury, it would only be given away in tax cuts to Tory voters."

As announced last week, Tony Blair, the Labour leader, is also exercising self-restraint after last week's vote, when he endorsed the Prime Minister's call for ministers and others to set an example.

John Major's idea of public example does not extend to telling the public what he is going to do with the £17,340 increase he is due in his

parliamentary salary from the start of this month. The Prime Minister's office said that was "a private matter".

All ministers will get that increase, which comes from the rise in the parliamentary element of their pay from an abated level of £25,660 to the full backbench rate of £43,000, unless they instruct the Treasury to withhold the full amount.

The pace-setting - and public - example being set by Mr Blair could help them to make up their minds. He has decided that he will take 3 per cent of his overall salary of £65,992, which comprised £25,660 parliamentary salary and £40,332 salary as Leader of Her Majesty's Opposition. That means he will take an increase of just under £2,000, and leave more than £15,000 with the Treasury.

If Mr Major took a 3 per cent rise on his overall salary of £84,217, he would get an increase of just over £2,500.

## McCarthy joins attack on 'cruel asylum rules'

JOHN RENTOUL  
Political Correspondent

The former Beirut hostage John McCarthy yesterday joined bishops and opposition politicians calling on MPs to allow refugees three days' grace to apply for asylum after they arrive in Britain.

"The suggestion that people who have been abused, and seen friends and relatives similarly abused and even murdered, should be capable at once of addressing bureaucratic minutiae to present a case for asylum, in an alien language, is both cruel and absurd," he said.

In the Lords last week peers voted by a three-strong majority to allow asylum seekers three days to lodge an application. Peter Lilley, Secretary of State for Social Security, insisted he had to delete the measure since it restored social security benefits to people appealing against a refusal of refugee status. "If this were a minor amendment only affecting genuine refugees, we wouldn't seek to overturn it," Mr Lilley said.

Chris Smith, Labour's social security spokesman, accused Mr Lilley of misleading MPs about the effect of the Lords amendment and said it was up

to the Government to clarify the wording of the rules. "Many people who are genuine refugees fail to claim asylum on arrival in this country for perfectly good reasons. The last thing they are going to do is trust someone in authority, and tell a man in a uniform that they fear persecution."

Mr Lilley said on BBC radio: "There is no question of us taking away benefits from people who don't understand the minutiae of the bureaucratic procedures of claiming asylum. We will take away benefits from those who not only don't claim asylum, but who claim to be something other than asylum-seekers, such as businessmen or tourists who convince the immigration authorities they have the means to support themselves."

Dr George Carey, the Archbishop of Canterbury, Cardinal Basil Hume, the Catholic Archbishop of Westminster, and the Rev Kathleen Richardson, the Moderator of the Free Churches Federation, yesterday urged the Government not to overturn the Lords amendment.

Mr Lilley said he respected the position of the church leaders, but added: "It is based on a mistake."

## Wales finds its English fans

Things are bad in the principality. Nursery school pupils inhabit prefabricated classrooms which cover the playing-fields of Rhymney, mental patients roam Abertillery, residential homes are being closed from one end of Rhondda-Cynon-Taff to the other. Wales is a scene of almost Biblical desolation after 17 years of neglect and depopulation. Thus spoke the 20-plus Welsh Labour MPs yesterday, in their "questions" to the Secretary of State for Wales.

But the decidedly non-Welsh Conservative MPs who were also present had a strangely conflicting view of life west of the Severn. In their Wales, investment has reached record levels, new bridges and factories dot a landscape populated by well-educated and highly subsidised entrepreneurs, more patients are treated than ever - often before they know they are ill. The only bridge between these two worlds, Mr Michael Fabricant (a born adventurer who often travels all the way to Wales), could shed no light on this strange dichotomy.

He was concerned instead to have the existing bilingual road signs replaced with multi-coloured ones - presumably so that he can tell when he has crossed the border. So we were left with the odd situation where those that actually live in Wales told us what a dump it was, and those who represent seats in suburban north-west London portrayed the far-off land as a paradise - Eden with Koreans.

This may well explain a difference in opinions about what to make of asylum-seekers. Labour finds it hard to believe that anybody would come to this country unless forced to on pain of direct persecution. After all, they might end up in Wales.



DAVID AARONOVITCH

Tories know any foreign spiv worth his salt will make a bee-line for the honeypots of Britain. Thus the Government is busy erecting a barrier of stupendous proportions to prevent "bogus asylum-seekers" from staying here. And attracting a great deal of criticism from the bishops for so doing. Allied to the bishops are certain liberal Conservative backbenchers of distinctly episcopal mind; the lean and ascetic, evangelical Peter Bottomley, and the more hunky High Church MP for Staffordshire South, Sir Patrick Cormack.

Yesterday they came together with the grave Jack Straw and the saintly Liberal Democrat, David Alton, to try to shake the rock that is Anne Widdecombe, Home Office minister.

But Ms Widdecombe is not easily shaken. Her centre of gravity is low and her resolve enormous. A devout and recently converted Catholic, she is the embodiment of muscular Christianity. It is not that she is unsympathetic to the poor, the weak and the downtrodden. Indeed, she prays for them. It is rather that she is far more worried by the work-shy, the fraudulent and the criminal.

With great efficiency, she dismissed amendment after amendment from those worried that genuine asylum-seekers might suffer from the Government's changes. As with Wales, it's all a matter of perception.

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- Deliveries and collections will resume on Friday 19th July.
- We recommend that you avoid posting mail on Wednesday and Thursday of this week.

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We will be doing our best to keep disruptions to a minimum and ensure that your letter services return to normal as soon as possible. We apologise in advance for the inconvenience this strike will cause.



July 10 1995



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John Birt: Restructuring a question of economics

## Birt stands firm against World Service backlash

MARIANNE MACDONALD  
Media Correspondent

John Birt, director-general of the BBC, yesterday stood firmly by his decision to dismember the World Service in the face of the growing backlash from staff and listeners.

Disaffected employees of the renowned radio service believe that its editorial independence will be abolished by his plans for the corporate restructuring, abruptly announced in June. They argue that the quality of its news service will be re-

duced by the move to absorb its newsroom into the BBC news division dominated by the domestic agenda.

They are also angered by his decision to stop the World Service making its own English language arts, business, drama, music, sport, science and religion programmes. These will be bought from the BBC's production division.

More than 1,350 staff have signed a petition to "save the World Service" and last month saw a lobby of Parliament on the issue, which the former head of

BBC World Service, John Tisa, has branded "the greatest act of cultural vandalism" he has ever seen.

But Mr Birt told a press conference that the restructuring of the organisation would go ahead as planned. "We are going to have to continue to explain the considerable benefits which will come," he said.

Questioned about whether the reorganisation would lead to job losses, he refused to commit himself.

"People talk about the World Service like it's a statue in the

garden which needs preserving," he added. "But where we have applied those ideas [of separating commissioning from production] they have been conspicuously and demonstrably successful."

It was a question of economics, the director-general continued. The World Service, which has 140 million listeners, would face a £10m gap within the next couple of years between income and expenditure.

"There is a major competitive change to the markets in which it broadcasts and it needs a

more flexible, loose-limbed structure for the digital age to allow it to adapt its services and make them ever more creative - and their costs ever less.

"We will take that argument to the doubters and to our own staff and in the end we will win it, because they are good and strong arguments."

The fightback by the BBC's most senior staff continued last night when Sir Christopher Bland, the corporation's new chairman, defended the reorganisation in a speech to the Radio Academy in Birmingham.

The World Service would retain its editorial independence and would continue to remain "a separately managed directorate within the BBC", he told delegates to the conference.

"The authority of the World Service will not be reduced by the changes. John Birt and I have given an undertaking to the Foreign Office, and I and the Board of Governors would not agree to proposals which risked any diminution in quality."

The World Service's programmes will remain distinct from those in other areas of the

BBC. There is no question of it being swallowed up by some homogenising BBC new machine."

Sir Christopher added that it was "the one service which was mentioned to me time and time again by the 400 or so people who wrote to congratulate me when I became chairman."

"The message was the same: Look after the World Service." It was not a question of "if it ain't broke, don't fix it," he continued. "I say: the World Service may not be 'broke' now, but we want to ensure that it doesn't become 'broke' in the future."

## Asterix the hero goes back into battle

DAVID LISTER

A new children's book featuring the Gallic hero Asterix is to be published in October, two years after Asterix author and illustrator Albert Uderzo announced he was retiring and taking his creatio with him.

Publishers Hodder and Stoughton, who will have a worldwide print run of 3 million and an initial run in the United Kingdom of 50,000, say that Uderzo was persuaded to change his mind following an Asterix convention attended by 3,000 British fans, at which he was guest of honour.

The book, the 35th in the Asterix series, is the first new one for five years and, say the publishers, possibly the last ever. Though Asterix is sometimes thought of as a childhood hero for twenty- and thirtysomethings, he is actually more popular today than ever before. More than 3.5 million books have been sold in Britain in the last three years.

*Asterix the Gaul*, created in Paris by the author and illustrator team Goscinny and Uderzo, is one of the greatest publishing successes ever. It started in the French weekly magazine *Pilote*, and worldwide book sales are now well over 25 million. Hodder and



Taking on the world: Illustrator/author Albert Uderzo with the valiant Obelix and Asterix. Photograph: Rex

Stoughton published the first English language edition in 1969.

Asterix and Tintin are the only European cartoon heroes to have been successful in Britain. The appeal of Asterix and his compatriot Obelix staunchly resisting Roman invasion, and the crafty little villager outwitting a far mightier enemy force, has proved so strong that in opinion surveys he has proved to be more popular than Mickey Mouse. He

has also featured on CD-Roms and CD-i language learning sets. Uderzo, who is 69, was the original illustrator of Asterix, but took over writing the stories as well in the Seventies when the author Rene Goscinny died. The new book was prompted by the Asterix Convention to mark the 25th anniversary of Asterix in Britain in 1994. Uderzo was so moved by the warmth of his British admirers and their pleadings for him to come out of retirement, that he finally

started another book.

Hodder and Stoughton, with Asterix publishers throughout Europe, have been sworn to secrecy about the plot and even the title of the new book, although there are heavy hints that the plot might see Asterix and Obelix returning to Britain. Peter Kessler, author of *The Complete Guide to Asterix*, disagrees, believing that in the new book the Gauls will reach China, one of the few countries they have not yet visited.

Hodder Children's Books are making the most of the return of one of the perennial children's favourites with a marketing campaign which is to involve chartering a train from London for the day of publication to go to Parc Asterix, the French theme park just outside Paris to collect the book.

On board the "Asterix Express", travellers will be issued with Gaulish passports, stamped on board by a Roman legionary. When they arrive at Gare du Nord, travellers will be piped on to special coaches by Cacophonix the bard and taken to the park, where Albert Uderzo will welcome them. A theme-park Asterix will accompany them back to London with stacks of the books to deliver to the shops.

Leading article, page 13



Inspiration: Uderzo matches his cartoon action to the melodrama of *The Raft of the Medusa*, by Theodore Gericault. Asterix the Legionary/The Complete Guide to Asterix by Peter Kessler, published by Hodder Children's Books

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# international

Where's Boris? Russian leader takes 'holiday' while US Vice-President waits to meet him, but still finds time to sack hardliner

## Yeltsin snubs Gore amid new health fears

TONY BARBER  
Europe Editor

Boris Yeltsin provoked fresh concerns about his health yesterday by abruptly postponing a meeting with Al Gore, the US Vice-President. The Russian president then appeared to show he was in full control and functioning normally by announcing a big shake-up of his administration.

The Kremlin stunned Mr Gore and his White House entourage by declaring at the last minute that Mr Yeltsin would not see the Vice-President until today because he had decided to take a holiday.

Mr Yeltsin, 65, who has a history of heart trouble, disappeared from public view on 26 June, resurfacing only in pre-recorded television appearances, despite being re-elected in a momentous style on 3 July.

The line from official sources has varied. The President has been suffering from either a cold or a sore throat, or was simply in need of a rest after his gruelling election campaign.

Mr Gore was clearly flustered by the postponement, which broke all protocol rules and was announced after a large group of US officials and reporters had already arrived at the Kremlin. He may also have been shocked by the casual way in which Mr Yeltsin's aides treated the extraordinary affair.

Sergei Medvedev, his press secretary, was quoted by the Interfax news agency as saying: "It is the most convenient time to rest and restore his health after a tense election campaign, more so because the weather in the Moscow region is good for this now."

This explanation seemed almost flippant in the light of the treatment of Mr Gore, and it gave rise to speculation that, in avoiding the Vice-President for a day, Mr Yeltsin was expressing disapproval at some as-

pects of US policy towards Russia.

It is believed that Mr Gore intends to raise two sensitive issues with Mr Yeltsin: the recent increase in Russian military campaigning in Chechnya, and Nato's determination to incorporate new members from central and eastern Europe.

However, from the US viewpoint, the meeting was always



Yeltsin last Friday. Aides say he needs rest

intended to be a friendly one, and Mr Gore is still expected to congratulate Mr Yeltsin on his re-election to a four-year term. Thus Mr Yeltsin's health and caprice remain the more likely reasons for the postponement.

The Kremlin switched the venue of today's meeting to Barvikha, the village and health care centre outside Moscow where Mr Yeltsin recuperated last year from his two heart attacks.

It was at Barvikha that Mr Yeltsin cast his ballot two weeks ago, rather than make a public appearance at his normal polling station in western

Moscow. Mr Medvedev said the President had not had a full medical check-up since late last year and even refused in recent weeks to have his blood pressure taken. "It is very difficult for the doctors," he said.

Mr Yeltsin's ability to take important decisions appears unaffected, as was demonstrated in a statement issued by his press office fewer than six hours after the postponement of the Gore meeting. It said that Mr Yeltsin had sacked a prominent hardliner, Nikolai Yegorov, as head of his personal staff and replaced him with Anatoly Chubais, a leading reformer and the architect of Russia's huge privatisation programme.

Mr Yegorov's dismissal completes a rout of hardliners that began in mid-June with the sacking of Pavel Grachev as defence minister, Mikhail Barsukov as head of the Federal Security Service (ex-KGB), Oleg Sokolov as a first deputy prime minister representing the military-industrial complex, and Alexander Korzhakov as Mr Yeltsin's Rasputin-like head of presidential security.

The complexion of Mr Yeltsin's administration, which had taken on an increasingly conservative hue as the election approached, is reverting now to a more reformist colour following the victory over the Communist leader, Gennady Zyuganov. However, much power is concentrated in the hands of the centrist Prime Minister, Viktor Chernomyrdin, and the national security supremo, Alexander Lebed, whose political opinions are unpredictable, but often illiberal.

Mr Chubais was the last out-and-out reformer in the Russian government before being dismissed for tactical reasons in January. He played a decisive role in organising Mr Yeltsin's campaign strategy and finances, and he had a hand in the sackings of the hardliners.



Where's Boris? Al Gore, with a grim-faced Russian Prime Minister Viktor Chernomyrdin (left) looks bemused at the Kremlin yesterday. Photograph: AP

### In sickness and in health: How the Russian president has fared in power

**October 1991:** President Yeltsin ordered to take two weeks' rest after aides said he had suffered minor heart problems.

**January 1992:** Yeltsin fails to meet Japan's foreign minister. Tokyo news agencies quote aides saying the President has a heart condition, but he reappears 24 hours later in good spirits.

**February 1992:** Yeltsin tells French television: "I have never had any heart trouble. Every day I have a cold shower - I am in very good shape."

**April 1992:** The President misses a meeting with then US Treasury Secretary, Nicholas Brady. Yeltsin said he was working; the media said he was drunk.

**May 1992:** Far-left news agency says: "On the whole, the President's health is good," adding that doctors recommended he use an exercise bicycle.

**March 1993:** A dishevelled Yeltsin gives a halting speech that scandalises parliament. An opposition deputy says: "The President was dead drunk. He's a sick man."

**April 1993:** Yeltsin says: "I have only two problems - tiredness and lack of sleep. There are no other health problems."

**September 1993:** A bad back prompts Yeltsin to invite to Moscow a Spanish surgeon who operated on him in Spain in 1990 for spinal problems caused when an airliner crash-landed.

**March 1994:** Two former Russian diplomats say the President has cirrhosis of the liver. Aides deny it.

**August 1994:** Yeltsin, visiting Berlin to mark the departure of Russian troops from Germany, appears unsteady after a champagne lunch and gives an impromptu performance, energetically conducting a police marching band.

**September 1994:** The President fails to leave his plane to meet the waiting Irish Prime Minister during a stopover at Shannon airport. Aides said he had a slight indisposition due to the pressures of a meeting with President Bill Clinton. Leaving the plane in Moscow, Mr Yeltsin said: "I overslept."

**December 1994:** Yeltsin has a minor operation on his nose.

**April 1995:** A spokesman says the President suffers from high blood pressure which can cause sporadic muscle weakness.

**July 1995:** Yeltsin goes into hospital for two weeks, followed by a fortnight in a sanatorium, with an ischaemic heart condition - a blood supply problem. Doctors say it is the ischaemic heart condition. He moves to the sanatorium a month later and leaves on New Year's Eve.

**February 1996:** Yeltsin launches a vigorous re-election campaign. But he has lost his voice and speaks with a croak. He campaigns non-stop and shows no signs of health or drinking problems.

**16 June 1996:** First round of presidential elections. Afterwards, Yeltsin effectively stops campaigning and cancels three trips.

**28 June 1996:** Yeltsin misses a Kremlin meeting with farmers. Aides blame a sore throat and say he is doing paperwork at his country residence.

**4 July 1996:** Yeltsin returns to Kremlin and his press spokesman says he is in "fine working form".

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## 60 Hindus die in festival crush

MOHAN NARVARIA  
Reuter

Ujjain — At least 60 people were trampled or suffocated to death and scores injured in stampedes in India early yesterday when Hindu worshippers gathered to celebrate a new moon festival.

Some 39 people, including five children, were killed and 35 injured in Ujjain in Madhya Pradesh state as a crowd of devotees tumbled over each other down a narrow staircase inside a temple complex.

Most of the victims died of suffocation. A few were gored by

bamboo and steel wires as they were thrown against a temporary barricade which had been erected around the main area of worship inside the temple.

Twenty-one others, including 18 women and one child, were killed and 40 seriously injured when devotees rushed to bathe in the River Ganges at the holy northern town of Hardwar.

Eyewitnesses in both towns blamed the authorities for the accident, saying precautions to prevent crowd surges were inadequate.

Officials said dozens of the 200,000 devotees at Ujjain were trampled underfoot as they

raced down marble steps to a temple. Thousands of devotees, mostly farmers, had gathered on Sunday night to ensure early entry into the temple.

"It's tragic. Most of them had come to thank God for the rains," said the Ujjain commissioner, PS Tomar.

"Several of them were seen dancing and singing in praise of God as they queued up in front of the temple gates," he said.

Some devotees carried on with their rituals until evening, but most of Ujjain's residents were in shock.

In the incident at Hardwar, the

21 victims were crushed to death in a stampede on an overcrowded bridge, which was being used by more than 2 million devotees who had gathered to take a dip in the Ganges river.

The often frenzied worship by throngs of Hindus has led to tragedies in the past. In 1992, a stampede in the southern town of Kumbakonam during a religious holiday killed 50 people.

The worst stampede recently was two years ago at a demonstration in Nagpur of tribespeople demanding job quotas. About 120 people were killed and 500 injured when police tried to break up the demonstration.

## It's torrid work keeping a beady eye on these Afghans

AFGHAN ARIANA AIRLINES FLIGHT FG 315 from New Delhi to Jalalabad is a Boeing 727 - but not the kind that carries an in-flight magazine. The female passengers are shrouded in the Afghan burqa, the cabin crew are mostly bearded, and the cardboard packet of lychee juice is stained with mud. Since the pilot's English was a little rusty, the chief steward walked to my seat, crouched in the aisle beside me and - as if revealing a long-held military secret - whispered into my ear: "We'll be flying at a height of 31,000 feet." If only we had.

Approaching the old Soviet military airstrip at Jalalabad, the pilot turned almost 180 degrees, sending the blood pumping into our shoes, and touched down on the first inch of narrow tarmac - just in time to stop an inch from the end of the runway.

Given the rusting Soviet radar dishes and the wrecked, tail-up-ended Antonov off the apron, you can understand why Jalalabad Arrivals lacks some of the amenities of, say, Heathrow or Geneva.

But it's more than just the runway. When I trudged through the heat with my bags, I found the bullet-scarred terminal empty. No immigration. No Customs. Not a single man with a single rubber stamp. Just six young and bearded

other men before deciding who was first in the queue for a regular shave. One-third of all the children in Jalalabad hospitals are victims of joy-shooting at weddings.

It doesn't put the agencies off. There is Save and the World Food Programme, UNDCP, Médecins sans Frontières, Madera, the International Red Cross, the Emergency Field Unit, the Sandy Gull Clinic for Orphaned Children, the Swedish Committee for Afghans, the UNHCR, and a German agronomist agency; and that's just the first few offices signposted off the highway to Kabul.

Finding the old Spin Ghar - White Mountain - Hotel is something of a relief. But, in the torment of midsummer heat, a roaring air-conditioner plays Catch-22 with me: to cool my empty double room I turn it on, but its tiger-like engine vibrates so loudly that sleep is impossible.

When I turn to the only book beside my bed - *Plain Tales from the Raj* - the sweat runs down my arms and glues my fingers to the pages.

Then a rustle, a kind of faint, rasping sound comes from the silent conditioner. I sit up and five feet from my face, I see the

dragon's head of a giant lizard looking at me from the cooled bars of the machine. When I raise my hand, the head disappears for a moment. Then it is back, a miniature armoured brontosaurus face that is followed now by a long, rubbery torso, grey-green in the dim afternoon sunlight, and big sucking feet that grip the plastic air-conditioning vents. Like an old silent film, it moves in jerks. One moment, I see its head. Then, at shutter speed, half its length of heavily breathing rubberiness is out of the machine. A moment later, the whole half-foot of creature is suspended on the curtain above my bed, swaying on the material, alien and disturbing, looking back at me over its fortress-like shoulder.

What is it doing here? Then it scuttles out of sight into the drapery. Of course, I switched the air-conditioner on, swamping the room with a rush of splitting cold air. And I curled up on the further bed and watched for movement at the top of the curtain rod.

I was frightened of this thing and it was frightened of me. Only after half an hour did I realise that the bright screws on the curtain rail were its beady eyes. With rapt attention, we were watching each other.

Robert Fisk



Bosnia elections: Block put on Serb Democratic Party until indicted leader stands down

# Poll delayed to drive out Karadzic

TONY BARBER  
Europe Editor

International organisers yesterday postponed the start of official campaigning in Bosnia's first post-war elections in a renewed effort to drive out Radovan Karadzic, the Bosnian Serb leader, out of politics and public life.

Robert Frowick, the US official in charge of the 14 September elections, said that he was delaying the start of the campaign until Friday to provide time for solving the Karadzic problem. He emphasised that he would not allow Mr Karadzic's ruling Serb Democratic Party (SDS) to participate in the elections as long as the

United Nations indicted war criminal remained the SDS leader. The postponement coincided with a trouble-shooting visit to former Yugoslavia by Richard Holbrooke, the former US diplomat, who brokered last year's Dayton peace settlement.

US officials said Mr Holbrooke's priority would be to "read the riot act" to Serbia's President, Slobodan Milosevic, who is widely viewed as having enough influence to secure Mr Karadzic's removal.

Mr Milosevic's relations with the Bosnian Serb leadership have been poor for more than three years, but he kept contact with Mr Karadzic and the Bosnian Serb military commander, General Ratko Mladic, also an

indicted war criminal. Mr Milosevic's aim appears to be a deal with Bosnian Serb leaders and the international community that would allow Mr Karadzic and Mr Mladic to slip quietly into retirement while avoiding prosecution at the UN tribunal in The Hague.

However, it seems unlikely that Mr Milosevic will secure any guarantees of non-prosecution from Mr Holbrooke, since that would fly in the face of US government policy and the ex-diplomat believes firmly that the two Bosnian Serb leaders must stand trial. There is equally relentless pressure for a trial from the tribunal, which issued arrest warrants for Mr Karadzic and Mr Mladic last

week, and from Western governments whose Bosnia policies would be discredited if the leaders escaped justice with the West's connivance.

France said on Sunday that it intended to ask the UN Security Council to authorise Nato forces in Bosnia to pursue and arrest indicted war criminals. Meanwhile, the ruling Bosnian Muslim SDA Party of the Bosnian President, Alija Izetbegovic, could boycott the elections if Mr Karadzic and Mr Mladic stay in power.

However, the police chief in Pale, Mr Karadzic's political base outside Sarajevo, has warned that the Bosnian Serbs will strike at Nato forces if the two leaders are arrested. Such

threats are increasing tension in the run-up to the election and underlining the difficulties of ensuring it will be free and fair.

Western governments have insisted that the elections should go ahead in mid-September on the grounds that postponement could cause the Dayton settlement to unravel. However, with Muslim, Croat and Serb nationalist parties dominant in areas populated by Muslims, Croats and Serbs respectively, there is a risk that the elections will reinforce Bosnia's *de facto* partition and prevent the restoration of a unitary Bosnia-Herzegovina.

The chief aim of Mr Karadzic, who is still the dominant political figure in Republika

Srpska, the Serb-controlled sector of Bosnia, is to consolidate his region's "statehood" and prevent Bosnia's re-emergence as a common state. Since this aim is shared by most other Bosnian Serb politicians, and a sizeable proportion of the Bosnian Serb people, it may make little difference if Mr Karadzic plays no part in the election.

Another obstacle to the implementation of the Dayton accords is the dispute over the Serb-held corridor of Breko in northern Bosnia. The Serbs want the corridor widened to strengthen the link between the two halves of Republika Srpska, but the Muslim-led government wants the entire territory for itself.

## SIGNIFICANT SHORTS

**A** Hercules military cargo aircraft crashed yesterday at Eindhoven air-force base in the southern Netherlands, killing four and injuring dozens, Dutch television reported. The four-engine turboprop, thought to belong to the Belgian air force, crashed at around 6pm, but the circumstances of the crash were not immediately available. Eindhoven is the base for the Royal Dutch Air Forces Squadron 334 of the US-made Hercules. *Eindhoven - AP*

**A**dmirers of Ethiopia's murdered emperor Haile Selassie announced they were setting up a memorial fund to give the "King of Kings" an honourable burial. The emperor, who ruled Ethiopia for nearly 50 years, died in 1975 after being suffocated in his bed by Marxist army officers, who overthrew him in 1974, according to evidence presented at their trial. *Addis Ababa - Reuters*

**N**ato has grounded military aircraft belonging to the Bosnian government after finding four anti-tank weapons and ammunition aboard a helicopter that should have been carrying passengers. A spokesman for the Nato peace force, Major Brett Boudreau, said the incident in the Muslim-controlled eastern town of Gorazde was a flagrant violation of a ban on weaponry outside closely monitored storage sites. *Sarajevo - Reuters*

**H**ong Kong faces a battle in persuading European nations to grant visa-free entry to Hong Kong people after China recovers the British colony on 1 July next year, according to the colony's governor, Chris Patten. "There is quite a hill for us to climb in Europe," Mr Patten said on his return from meetings in Brussels with EU officials and a visit to London. Hong Kong and China are lobbying nations worldwide to waive visa requirements. *Hong Kong - AP*

**I**ran has tripled the number of missiles deployed on its Gulf coast, during the past two years, and is fitting Chinese-built cruise missiles on up to 20 of its naval boats, a senior US navy commander said. Vice Admiral John Scott Redd, Commander of the US Fifth Fleet and Commander, US Naval Forces, Central Command, said Iran's acquisition of radar guided C-802 anti-ship missiles was "a new dimension" in the regional naval threat. *Dubai - Reuters*

**A** four-hour strike by airport staff caused flight cancellations and delays for passengers at airports across Italy, and unions announced a one-day stoppage for 8 August. Staff of companies which operate Italy's airports called the strike to demand new contracts for the sector ahead of the planned privatisation of some state-controlled airports. *Rome - Reuters*

**A** new administrator for the troubled Bosnian city of Mostar was appointed by the EU. A Briton, Sir Martin Garrod, former chief of staff to the EU administration in Mostar, replaces the Spaniard, Ricardo Perez Casado, who held the job for less than three months. Sir Martin's appointment runs until the end of the year, when the EU hopes to wind up its mission in the city. *Brussels - AP*

**G**erman soldiers upset by the march of sexual equality are demanding that women recruits be made to wear olive-drab underwear - instead of "anything fancier in white". Male soldiers are complaining they only get Nato standard-issue in olive drab, Claire Maricfield, Germany's first ombudsman for the military, told *Der Spiegel*. "But the women get an allowance of 450 marks (£200) every three years for white underwear," she said. *Bonn - Reuters*

## Hoffa days are here again

RUPERT CORNWELL  
Washington

The name is Jimmy Hoffa and he is running for president of the Teamsters. Now this is 1996, not 1957, and the Hoffa in question is not a ghostly apparition of the man abducted and presumed murdered by the Mafia.

But, in more ways than just a name, his son James Hoffa Jr is seeking to turn back the clock at America's largest and most notorious labour union.

The Teamsters convention, which opened in Philadelphia yesterday, is the first since 1991, when the then obscure Ron Carey was elected president with the backing of the federal government - and a mandate to clean out a union whose mob links and corruption were a national and international by-word.

Mr Carey has been as good as his word. He has purged hundreds of officials, closed suspect local branches, and created a strong central office in Washington. Now one of the most influential figures in US labour, he was a prime mover behind last year's coup that installed the reformer John Sweeney at the head of a reinvigorated AFL-CIO, the umbrella organisation of the US union movement.

But all is not well in Teamster ranks. A defiant old guard still resents Mr Carey's very presence, and accuses him of cabling in to employers in several



Jimmy Hoffa Sr: Last seen at a restaurant

recent contract agreements. Few defend the corruption presided over by Hoffa senior, who was last seen alive at a suburban Detroit restaurant in July 1975.

Many, however, miss the power he and the union, then 2 million strong, wielded.

Hence the opportunity for his son, a Detroit lawyer and Teamsters member for only three years, and referred to simply as "Junior" by the Carey camp. "Junior" claims to be a better manager and tougher negotiator, and vows to return power to the state and local branches.

Mr Carey says he has the support to win, and a secret ballot of the 1,900 delegates on Thursday may prove it. But the final result will not be known until November, after a federally supervised postal vote of the 1.4 million rank-and-file members.

Measured against their extravagant past, today's Teamsters are a sober bunch. A former president, Jackie Presser, entered a convention in Las Vegas borne on a golden chariot and clad as a Roman senator, to chants of "Hail Caesar". Mr Carey has cut his own salary by one-third to \$150,000 (£100,000) and sold the union's two private jets and limousine.

Today, only one Teamster in 10 drives one of the trucking behemoths that rule America's interstate highways, and fully one-third of the union's members are women.



A woman in Annecy, southern France, examines her car damaged in an earthquake registering 5.3 on the Richter scale

Photograph: Reuters

## The poor fall into growing wealth gap

358 billionaires own nearly half the planet's wealth

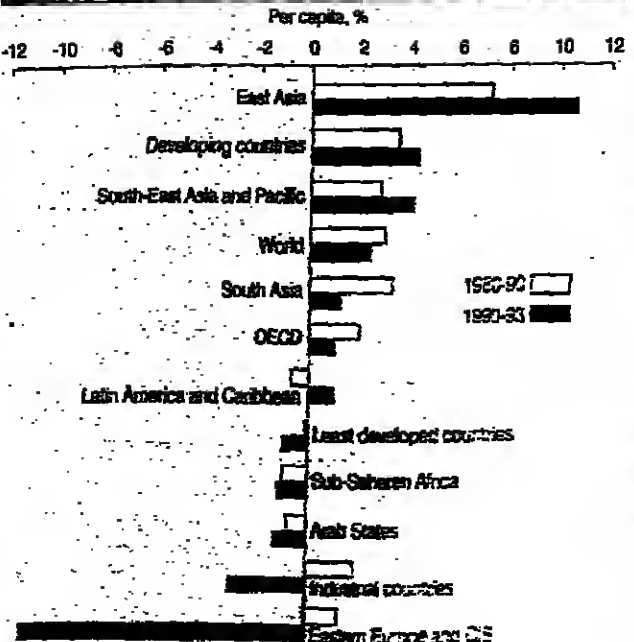
DAVID USBORNE  
New York

The world's rich are getting richer by the day, while the poor are getting poorer. Moreover, according to a new United Nations report, the wealth gap is widening not just as between different nations of north and south but within many of them, including Britain.

Among the more startling conclusions of the 1996 *Human Development Report*, prepared by the UN Development Programme (UNDP), is that the world's 358 billionaires, including such notables as the Sultan of Brunei and Bill Gates, the founder of Microsoft, have more assets than the combined incomes of countries representing nearly half - 45 per cent - of the planet's population.

"The world has become more economically polarised," said James Speth, the UNDP administrator. "If present trends continue, economic disparities between industrial and developing nations will move from inequitable to inhuman." The report, compiled by Richard Jolly, a Briton who is special advisor to Mr Speth, will be published by the Oxford University Press tomorrow.

### AVERAGE ANNUAL GROWTH IN INCOME



In analysing trends within developed countries, the report singles out Britain and Australia for displaying growing economic injustice between the haves and have-nots. In both countries, the richest 20 per cent of their populations earn 10 times more money than the poorest 20 per cent. The differential is almost as sharp in the United States and Switzerland.

Published annually since 1990, the report also offers what it calls a human development index (HDI), which ranks countries according to criteria that include quality of life factors such as access to health care, educational standards and basic purchasing power. This year Canada takes first position followed by the US, Japan, the Netherlands and Norway. Britain is ranked 16th, below many of its EU partners including France and Spain.

The focus of the report, however, is on the worsening position of many of the developing countries, particularly in sub-Saharan Africa. Eighty-nine countries are reporting lower per capita incomes than they were 10 years ago. Worst off are 19 countries where incomes are less than they were in 1960 or before. They include Liberia,

Rwanda, Sudan, Ghana, Venezuela and Haiti.

Among countries in the developing world, Hong Kong takes first place on the HDI followed by Cyprus, Barbados, Bahamas, South Korea and Argentina. Bottom place is taken by Niger.

This year the report adds a "capability poverty measure" designed to take account of hidden factors that may be impeding the poor from progressing up the economic ladder. Those include the number of children under five who are underweight, the proportion of unattended births, the number of children in school and rate of female literacy.

Using this index, for instance, suggests that whereas in some south Asian countries like India, 29 per cent of the population may be living in poverty when income alone is measured, a much more significant 62 per cent is suffering conditions that make escaping poverty much more difficult.

The report also seeks to emphasise that economic growth in countries alone will not automatically translate into improved lives for their populations unless other policy measures to encourage economic equity are taken simultaneously. It compares the contrasting fates of Pakistan and South Korea. Both countries had similar incomes in 1960, but whereas Pakistan managed a primary school enrolment rate of just 30 per cent, Korea ensure that 94 per cent of its young attended primary education. "That is one reason that the per capita gross domestic product of Korea grew to three times that of Pakistan over the next 25 years," the report argues.

Mr Jolly said: "Policy makers are often mesmerised by the quantity of growth. They need to be more concerned with its quality and to take timely action to prevent growth that is lopsided or flawed." He added: "It is increasingly clear that new international measures are needed to encourage national strategies for employment increasing and human development."

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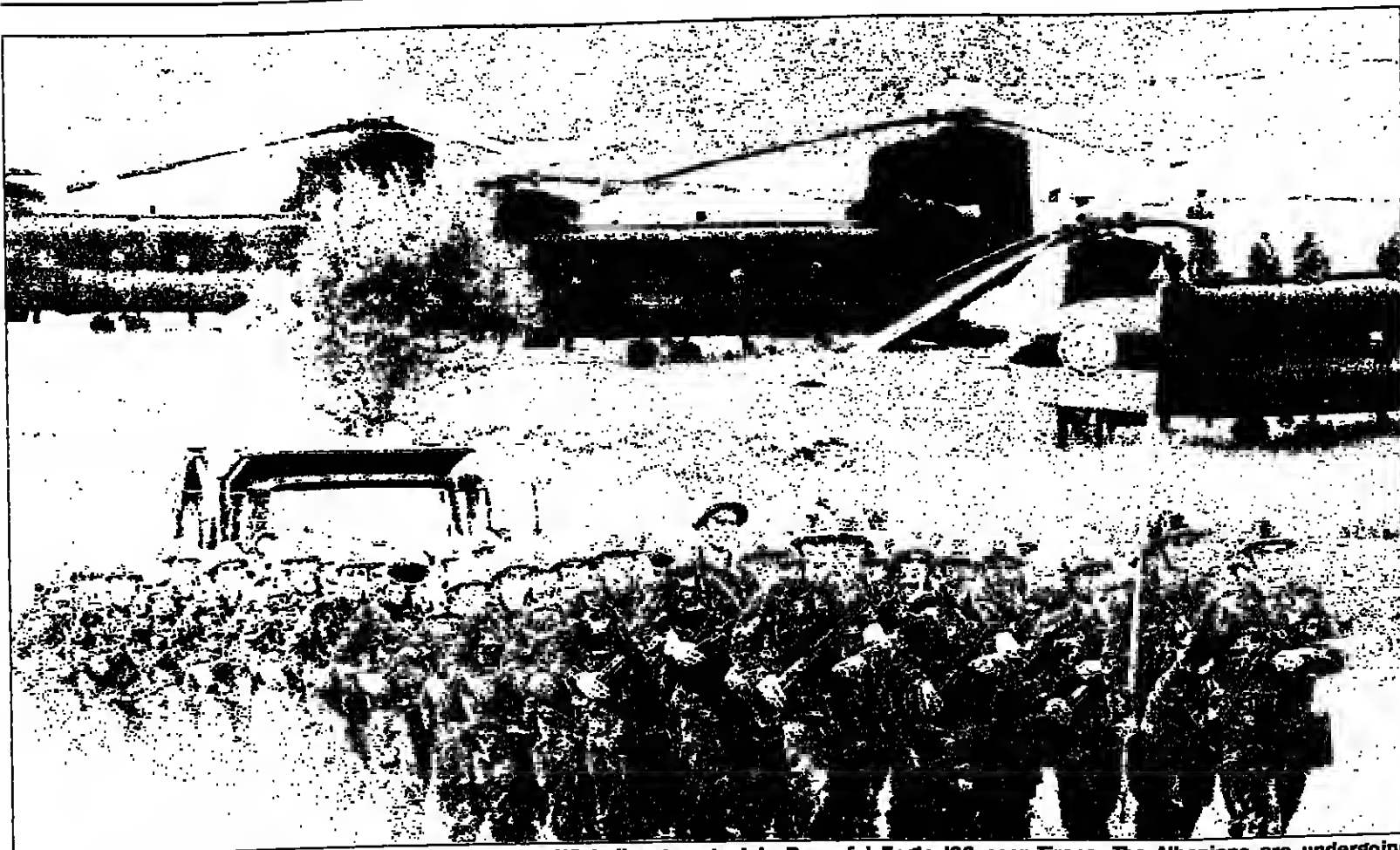
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Eyes front: An Albanian platoon marching past three US helicopters to join Peaceful Eagle '96 near Tirana. The Albanians are undergoing exercises with the United States, Bulgaria, Romania, Italy, Slovenia, Greece and Turkey  
Photograph: Hektor Pustina / Reuters

## US aims to go behind North Korean lines

After years of hostility, Washington is to open an office in Pyongyang and forge closer diplomatic ties

RICHARD LLOYD PARRY  
Tokyo

Forty-three years after the end of the Korean War, the United States is close to opening a representative office in North Korea, the last of the old Stalinist regimes and one of America's few remaining Cold War enemies. The opening of a diplomatic office would mark a historic shift, after years of implacable hostility on both sides. According to officials of international organisations recently returned from North

Korea, the US state department has already assembled a team of Korean-speaking specialists in Seoul, and is likely to open a liaison office in the North Korean capital, Pyongyang, by the end of the year. The two sides are already negotiating the small print of the agreement, including where the American diplomats will stay, and the consular protection extended to their families. The biggest obstacle appears to be South Korea: the announcement must be presented in such a way as to avoid humiliating the Seoul government which has resisted the increasingly close ties between Washington and Pyongyang.

The opening of the mission will be a coup for the North Korean government which has for years been seeking closer ties with the US, since the collapse of communism in Russia and Eastern Europe deprived it of its trading partners and left it ideologically and diplomatically isolated. In 1993, the North provoked a crisis when it refused to let international inspectors visit two mysterious sites suspected of housing a nuclear weapons programme. The ensuing diplomatic panic turned out to be the North's long-term advantage: in return for replacing its suspicious nuclear technology with safer foreign reactors, Pyongyang was rewarded with interim supplies of fuel oil and opportunities to talk to American officials and technicians.

The US has always resisted Pyongyang's demands for direct peace negotiations, insisting that any revision of the 1953 Armistice, which brought to an end the Korean War, must be concluded between the two Koreas. But Pyongyang has been under increasing pressure since last year when disastrous floods last year caused widespread food shortages and

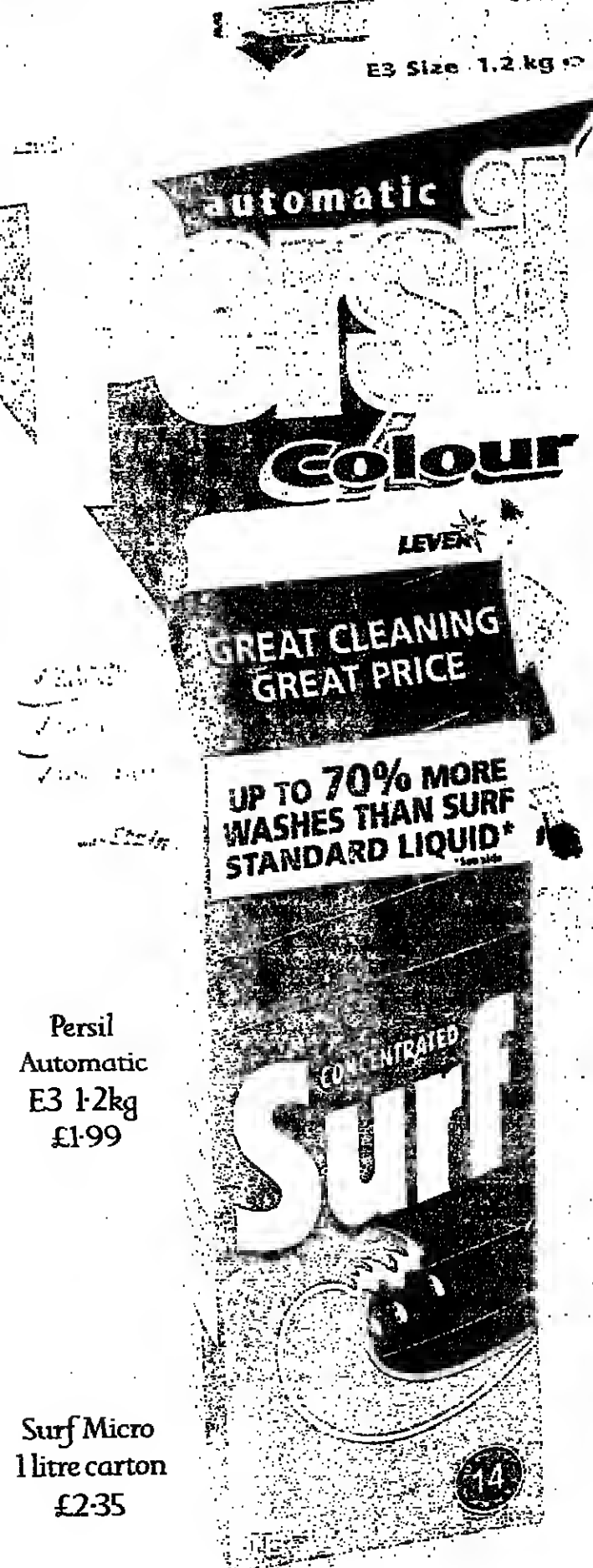
malnutrition, and raised fears that desperation might drive the North to some kind of military adventure. "In order to maintain stability," the US Ambassador to Seoul, James Laney, said in May, "we need to begin now to build an edifice of positive relationships that can complement and take us beyond deterrence."

At a summit meeting in May, Bill Clinton and the South Korean President, Kim Young Sam, proposed four-way peace talks involving the US and China as well as the two Koreas. The US appears to be awaiting some kind of positive response to this proposal before pressing ahead with its plan to dispatch diplomats to the North, thus allowing President Kim to save face by claiming that he has brought his old enemies to the negotiating table.

Officially, the Pyongyang mission will be an "American Interests Section" in the Swedish embassy, although it will be staffed by US state department officials and will perform many of the duties of an official embassy, including the issuing of visas. The Swedish embassy was recently scaled down after budget cuts and is being restored to diplomatic strength to accommodate the Americans under a neutral flag. According to official sources, the Americans are hoping to reside in the former East German embassy.

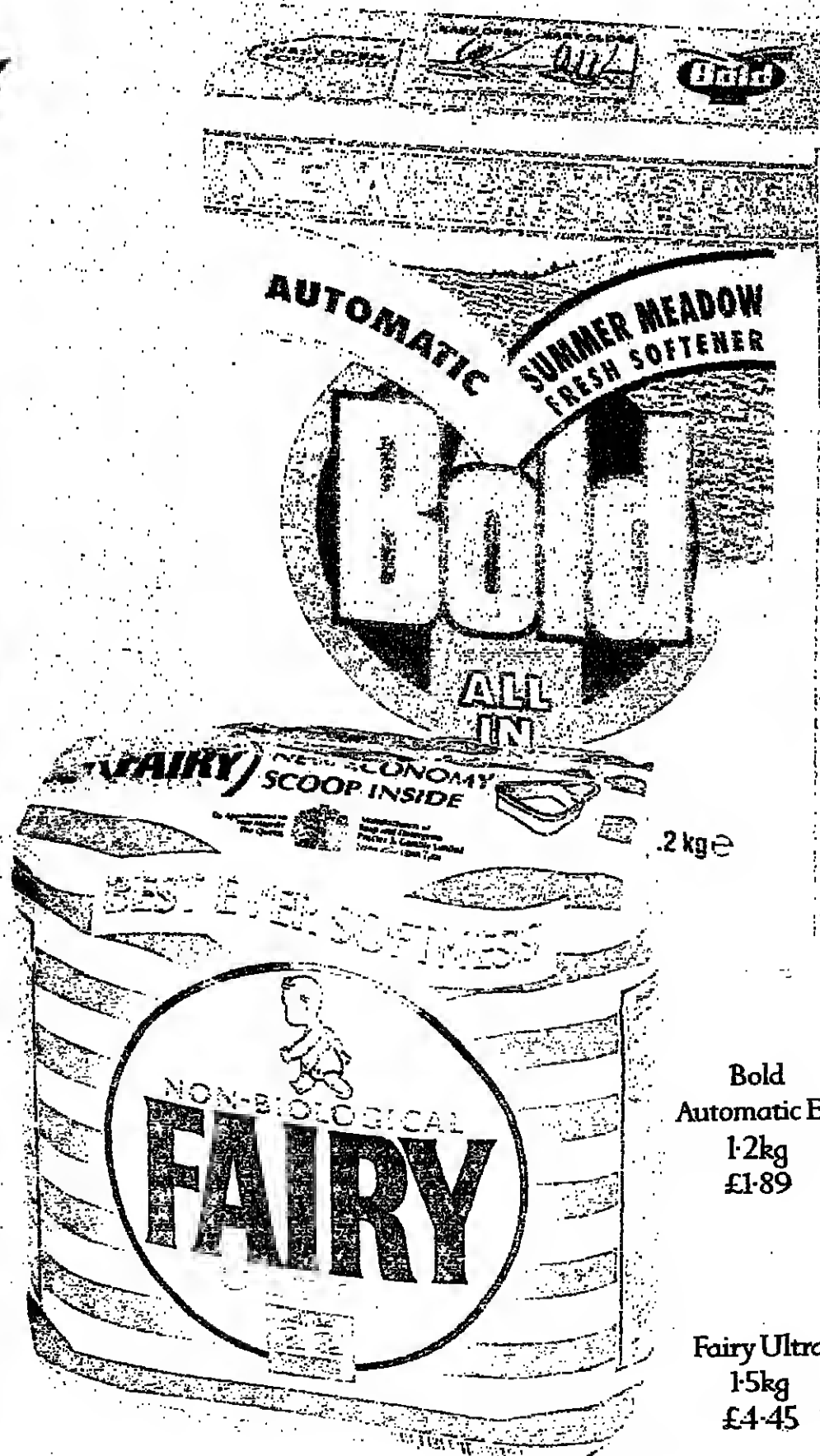
Other subjects being negotiated include the route which the American emissaries will take from Seoul to Pyongyang. At the moment, travellers must take a detour via Peking, but discussions are in progress about opening the land border between the two Koreas. Another problem concerns the wives of the state department's diplomats: several of them are South Korean, whose presence in Pyongyang could be diplomatically sensitive.

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## EU threatens trade war over anti-Cuba laws

SARAH HELM  
Brussels

European Union foreign ministers yesterday prepared for a full-scale trade war against Washington, including the possibility of blocking free travel from the US to Europe. The move towards sanctions forms part of an escalating dispute sparked by America's anti-Cuba legislation.

Among the measures discussed in Brussels yesterday were retaliatory trade measures against the US, freezing of US assets, and the imposition of visas for US businessmen visiting Europe. The EU has also discussed an appeal to the World Trade Organisation.

However, foreign ministers last night appeared unwilling to detail the weapons they will deploy before a decision from President Bill Clinton, expected late today, on whether to suspend the most controversial part of the legislation, known as the Helms-Burton Act.

In a rare show of unity yesterday all EU countries rounded on the Act, which aims to squeeze Cuba by penalising foreign companies who trade with it. Under the law, Cuban exiles who have American citizenship, would be able to sue foreign companies in the US courts if they possess evidence that those companies have had certain business dealings with the Castro regime.

In particular, Helms-Burton gives Cuban-Americans the right to sue foreign firms which deal in property expropriated after the 1959 revolution which brought Fidel Castro to power.

The measure is the latest effort by the US to isolate Cuba economically. However, it has caused outrage in Europe and among Cuba's other trading partners, such as Canada and Mexico.

Yesterday, Jacques Santer, President of the European Commission, promised a swift response. "We must react and must react today," he said. Mr Clinton has the power to use a waiver to suspend the part of the act which is most offensive to America's trading partners.

However, Mr Santer predicted yesterday that "it was more than likely the US will confirm full implementation".

Malcolm Rifkind, the Foreign Secretary, said: "There is no doubt we are united in opposition to this." Hervé de Charette, his French counterpart, told journalists: "It is clear that this law is directly contrary to the rules which govern international trade."

Although the EU looks certain to decide on joint sanctions if the waiver is not exercised, such joint action could take some time to take effect. An appeal to the WTO to arbitrate in the dispute could take months. In the meantime, individual countries made clear yesterday that they would impose unilateral counter-measures against the US.

A decision to withhold visas from visiting US businessmen would be taken by individual countries, immediately hitting US interests and causing chaos for transatlantic trade. Mr Rifkind and Mr de Charette are already considering enforcing national legislation under which US businesses and assets could be penalised.

Britain may enforce the 1980 Protection of Trading Interests Act, which was specifically designed to block attempts by other countries to damage UK trading interests abroad. Under the Act, the British government could direct British citizens not to cooperate with demands from US courts over the anti-Cuba legislation, should those demands prejudice UK sovereignty.

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Opinion 50



# The Irish peace that can only come from within

Could it be that the peace process in Northern Ireland has been founded on a British and southern Irish mistake – the belief that the vast majority of people in the province are desperate for peace and reconciliation? This is a hard, unpleasant thought. It is much easier and safer-sounding to blame a few "men of violence" on either side. But it deserves, at least, to be considered.

For, in Northern Ireland, the trouble with the silent majority has been its stolid silence. People have delighted in the peace of the province during the ceasefire, and profited from it. They have strolled through central Belfast in a new atmosphere. They have applauded the sentiments of President Clinton, danced to Van Morrison and – some of them – looked forward to better lives built on new investment coming from abroad. Offered better times, they were pleased to accept. Who would not be? And when the IRA or the UDA claim to speak on their behalf, they flinch. Who would not?

There were never many peace protesters through the long years of suffering. Most people minded their own business, kept their heads down and their mouths shut. That is entirely natural – the human instinct for self-protection. In recent days, when the Orange lodges descended on Drumcree, there were no counter-demonstrations or angry public remonstrations from

Protestants in favour of compromise, or backing down, or finding another route. Again, that is hardly surprising.

But, at the same time, there has been little evidence that moderation and a desire for consensus has been winning much backing in the privacy of the voting booth. The moderate Alliance Party has always received derisory levels of support. As the province's most popular single politician, Ian Paisley can outvote less savagely anti-Catholic Unionist rivals on any day of the week. David Trimble, the brightest Unionist leader for a long time, gained his position partly because of his involvement in last year's "battle of Drumcree" and the enthusiasm of the Unionist rank and file for that confrontation. The recent elections showed gains for Sinn Féin at the expense of the SDLP. This is hardly evidence of a basic support for compromise, from either community.

To make these points is not, in any way, to exculpate the politicians for a lack of leadership. Nor is it, in the spirit of Brecht, to suggest that the people of Northern Ireland have failed the governments and we must elect a new people. Politicians have failed, and their failures have helped create this crisis. The British government deserves to be blamed for blocking the Drumcree march, then backing down. If the Northern Ireland Office was not ready to face down mass loyalist protest, it ought not to have banned the march in

the first place. The excuse that ministers and police chiefs were taken aback by the scale of protest is bizarre: for nobody else was surprised.

In such situations – and few political events are as predictable as the Ulster marching season – government needs a strategy, a back-up plan and a lot of determination. In order to retain their authority against the demands of the streets, political leaders need to keep control of the bigger agenda and have some sense of direction. Our ministers didn't. They should not have pretended that the Drumcree decisions, which had huge political reverberations, were

purely a policing matter for Sir Hugh Annesley, chief constable of the RUC. However biased or mistaken politicians may be, they cannot be directly blamed for bombings, stonings, shootings and riot: the people responsible for those acts, and those who incite them. But it is impossible to deny that serious political mistakes have been made.

If that is the case, why raise the question of the silent majority? Are not politicians chosen to take decisions? Yes, but the peace process has stumbled, then crashed to the ground, because the local politicians did not feel under suf-

ficient pressure from their own electorates to compromise. They were under intense pressure from everyone else – from Dublin, from London, from Washington, and from business generally. But crucially, none of them seems to have feared losing the support of "their" people – or, to put it another way, that divided but silent majority.

How much of that silent majority, we wonder, is at least half pleased to see the Orangemen march on, on the other side, to see Gerry Adams back in menacing mode? How many of the voters of Northern Ireland want it both ways? How many want peace and prosperity, guaranteed by the state, but also privately want an uncompromising political leaders who are ready violently to confront the state? How many condemn but also bug themselves privately? Public money has poured into Northern Ireland from Britain, and many middle-class Unionists as well as nationalists live well there, beyond the reach of the troubles. But few have repaid the state to which they profess loyalty, by trying to change the politics of the province for the better.

Many people in Northern Ireland, reading this analysis, will feel hurt, bewildered and even outraged. But the feeling outlined here is widespread in Britain. If it is wrong then it can be refuted. How? Recent letter-writers to the *Independent*, including one today, show the way. Northern Ireland needs

a new politics – agitation, organisation and militancy, from Strabane to Newry and from Coleraine to Newtownards, on behalf of moderation and compromise. It is not enough for people to blame the failings of their leaders; in that case, find new leaders, vote out the old ones, change the parties themselves. That is democracy, and therein lies the only hope of democratic progress. Northern Ireland cannot be made peaceful or safe by outsiders.

## Once more unto the breach, Asterix

Relations with our French neighbours have been tetchy of late. The French political classes are far more Euro-federalist than their British counterparts. But now a new Anglo-French collaboration has been launched with massive implications for the world.

Not aircraft or rockets – but Asterix. The plucky Gaul is back, thanks to the Brits. Where French fans failed, British enthusiasts persuaded the author Albert Uderzo to write one more book.

Good news for cross-Channel relations. But what does it mean? Asterix and Co were the last outpost against Euro-federalism, Roman style – could the Asterix revival be a subtle Anglian plot to incite Gallic rebellion once more?

## LETTERS TO THE EDITOR

### Ulster shame, British impatience

Sir: As an Ulsterwoman I am deeply ashamed to belong to a community which, while professing loyalty to the British government, has flouted public order. The contempt shown by the Orange Order is reaping a bitter harvest. It is a disheartening situation for the many who have tried to encourage a more rational attitude between the people who live in this province. Surely it is time to exert pressure on political leaders who are so out of touch with public opinion in the UK. There, as I know from my personal contacts, feelings are hardening against those who, by refusing compromise, increase the ever-spiralling costs met by the British taxpayers. Such obstinacy is a luxury that those who live here can no longer afford, and no amount of hysterical emblems of patriotism can ever win against economic factors.

The summer marching scene is dreaded by many and has no place here, where survival depends on mutual respect. It is indeed ironic that in the week of the state visit of Nelson Mandela, a statesman who has risen above the wrongs of the past, there should have been this ugly example of people so entrapped in their past.

M S SMITH  
Portsmouth, Co Londonderry

Sir: Following the latest Enniskillen bombing, the statement by Gerry Adams that there may have been some hint of Unionist or British government involvement in this atrocity (report, 15 July) beggars belief.

If Adams had seriously thought for one moment that there had been Unionist involvement in the bombing, he would have condemned it outright. The fact that he did not suggests that he believes it was the work of a republican splinter group, most likely a group over which he has no jurisdiction. He is clearly out of the man who can deliver the terrorists.

It is time that the British and Irish governments faced up to the reality that Irish republicanism is incompatible with democracy. When the two meet, one must give way. It is this belief that drives the terrorists onwards to their goal, a goal that looks all the more likely as mainland support for the democratic rights of the Unionist community to decide how they wish to be governed ebbs away.

DR DAVID MCALPINE  
Nottingham

Sir: Enough is enough. Northern Ireland should now immediately be expelled from the United Kingdom. All soldiers should be withdrawn. Citizens of Northern Ireland should be considered foreigners and require visas to enter Great Britain. If the UN or any other body wishes to police Northern Ireland, let them. Britain should have nothing further to do with Northern Ireland.

C BREEL  
Weymouth Garden City, Hertfordshire

Sir: How comforting it was to glean from the Commons voting lists (12 July) that, despite all the turmoil taking place in Ireland last week, the Ulster Unionist Party's nine MPs no fewer than five were still able to attend to their parliamentary duties, apply their minds to the broader interests of the Union and vote themselves a pay rise.

PAUL BUTTLE  
Kewick, Cumbria



Long time, no see



### Battle for the pavements

Sir: The nuisance and danger of cyclists on pavements to which Colin Wheeler draws attention (letter, 12 July) is part of a larger problem: that of a withdrawal by most official agencies from all concern for management of non-motor highway use. Most police forces have abandoned any attempt to enforce cycling laws.

It is possible to ride without lights, ignore traffic lights, give no hand signals etc, with complete impunity. The programme of instruction of children, and testing, in cycling proficiency, through local authorities and the schools, seems to have been abandoned. As a result children and young people generally ride in traffic in much the same way as the sparrows fly: one moment on the road, the next on the pavement or across the road, up the kerb, off the kerb, this side, that side. It must be several years since I saw anyone under 30 give a proper hand signal.

CHRISTOPHER PADLEY  
Market Rasen,  
Lincolnshire

Sir: Why single out cyclists for using pavements? Nowadays, in almost every street, you will see cars and vans driving on to the pavements to park. Pedestrians, including children, are often forced into the road. Particular difficulty is caused to blind and elderly people, and to those with prams and wheelchairs.

It is highly likely that pavements will increasingly become parking lots, as the Government still assumes that vehicle numbers will double in the next twenty years or so. This is despite the fact that the act of driving on to and off the footway is an offence liable to a fine of £1000.

MALCOLM MORT  
Liskeard,  
Cornwall

Sir: Colin Wheeler might try writing to the chief constable of his county, for riding on a footpath without right is a criminal offence (Highways Act 1935, section 72) and so is riding without reasonable consideration for other road users (Road Traffic Act 1988, section 29). More serious is dangerous cycling (section 28), which may carry a penalty of £2,500. This law is stated at the back of the Highway Code. A few convictions might draw cyclists' attention to it.

JOHN WYMER  
Bridport, Dorset

Sir: Could Sir George Young be persuaded to cycle along a Red Route ("Cycling on the road to a comeback", 11 July) along with as many Red Route designers as are prepared to risk their lives with him? They will then experience just how dangerous these recent introductions are to cyclists, forcing them into contention for space with traffic, often fast-moving, approaching from the rear.

T F TAYLOR  
London N6

### The sixth power

Sir: I believe you to be mistaken when you state (report, 12 July) that Rothschild's was popularly regarded as the sixth great power. The Duc de Richelieu in 1818 said: "There are six great powers in Europe: England, France, Prussia, Austria, Russia and Baring Brothers." How are the mighty fallen!

JOHN GARDNER  
Epsom, Surrey

### Royal adulterers and the church

Sir: What a pity that some prominent evangelical theologians have little sense of history ("Synod breaks church silence on royal divorce", 15 July). The Church of England sprang from the break-up of a royal marriage, and Prince Charles's ancestor George I was divorced when he came to the throne. Most male Supreme Governors of the Church of England have been adulterers, but have not undertaken the enormous amount of social and welfare work carried out by Prince Charles.

Mrs JENNIFER MILLER  
London SW15

### Ethical approach to charity law

Sir: Polly Toynbee's cogent critique of the religious aspects of charity law (15 July) includes a misleading reference to the South Place Ethical Society.

This organisation was never "absurdly registered as a religion". It had been automatically accepted as a charity because it began as a Christian congregation in 1793, and when it ceased to be Christian nearly a century later it continued to be a formally religious society and to be registered as a place of religious worship.

Its aim was never "to demolish belief in a God or a hereafter", but after it became an Ethical Society in 1888 it was changed from "the worship of one God" of its Universalist and Unitarian origins to "the study and dissemination of ethical principles and the

cultivation of a rational religious sentiment".

It had no need to register until the Charities Act of 1960, after which its registration as a place of religious worship was removed and its registration as a charity was refused on the ground that it was no longer genuinely religious. In 1980, however, it was granted charity status by the Court of Chancery neither as a religious nor as an anti-religious organisation, and certainly not because it was held to "do public good by debunking superstition", but because of its ethical and educational activities: the British Humanist Association was granted charity status in 1983 for similar reasons.

NICOLAS WALTER  
London N1

### Fundholding is no panacea

Sir: Dr Morris, chairman of the National Association of Fundholding Practices, asserts that abolishing fundholding will detrimentally affect patients (Letters 13 July). As non-fundholding GPs we disagree.

Non-fundholders are still actively involved in commissioning healthcare, and local GP commissioning groups are an effective and economical way of influencing commissioning on behalf of local populations. The needs of our practice population are very similar to those of the practice up the road. Why should

management expenses be multiplied? Funding is better used for GP representatives to be involved with commissioning, while retaining strategic input from the health authority.

It is surprising that only 51 per cent of GPs are fundholders, given that participating GPs were offered substantial amounts of money. This was the only way some practices could afford to improve their administrative staffing and quality of computerisation, since the primary care sector of the health service has been chronically underfunded.

Dr P MARTIN  
London SE14

Sir: It was good to see Margaret St John's piece (8 July) on private health insurance – it is a necessary debate and one to which we must all contribute if people are to make informed choices about their health care. However, it wasn't fair to single out Prime Health for not covering regular renal dialysis. Of the 400 or so different private medical insurance policies currently available from the 25 companies in the field, only one covers this treatment. To include it – a regular treatment which usually continues for many years – would mean raising policy prices well out of reach of those people who choose to take out individual policies when they are not covered by company schemes.

RICHARD ROCHE  
Marketing Director  
Prime Health Ltd  
Guildford

### The weakness of think-tanks

Sir: If think-tanks on the right are declining and those on the left appear to have little influence on Tony Blair ("British politics requires more thought", 9 July) perhaps it is because the strength of think-tanks is ultimately also their weakness – they push a certain "line" continuously and audiences get tired of listening.

I would certainly concur with your editorial that Britain, and indeed Europe, needs more coherent thinkers. Think-tanks, however, have an inherent weakness because of their institutional structure. Their researchers are based in-house, and therefore their research and output is necessarily constrained by the interests and abilities of a permanent research staff.

Networks may offer a better model for stimulating well-informed policy debate. They have a central administration (which takes no institutional policy positions) and a group of researchers (based at a variety of institutions), who are affiliated to the network, allowing the promotion of a diversity of policy positions. As long as researchers are not under one roof, it is not so difficult for a network to include many individuals with widely differing views and policy orientations.

The network allows researchers to pursue their own research agenda, rather than the agenda of an institution which is committed

to a particular "line" and so promotes greater discussion and diversity among academics and policy-makers. For example, the Centre for Economic Policy Research acts like an "invisible college" or "multiversity" that coordinates the activities of an international network of more than 300 research fellows, whose publications carry a wide range of policy conclusions and recommendations, which are not necessarily the views of those funding the research. With growing interdependence, economic policy issues, in particular, cannot be analysed sensibly at the national level. The CEPR model stimulates better-informed discussion at much lower cost.

JOAN CONCANNON  
External Relations Manager  
The Centre for  
Economic Policy Research  
London W1

### No-go legend

Sir: The claim ("Orange gets the red light in Ulster", 15 July) that the Vauxhall Nova did not sell in Spain because no va means "won't go" is a well-known and unsubstantiated urban legend. Actually, no va is in present tense and it means "it does not go"; but nova is pronounced differently from no va and means the same as in English, namely an exploding star. For more information on this topic and for a letter from General Motors confirming greater than expected sales of the Chevrolet Nova in Venezuela, see [http://www.urbanlegends.com/products/chery\\_nova](http://www.urbanlegends.com/products/chery_nova) on the World Wide Web.

Dr GABOR MEGYESI  
Trinity College, Cambridge



## essay

# For this man hell is having to say what he believes in

By Andrew Brown

"If Jesus Christ came back today, the Church of England's Synod would crucify him" says Vijay Menon, an evangelical member of the Synod, which is meeting this week in York. Menon's group wants to restore "biblical standards" to the church.

The gap can never have been wider between what the Church of England actually believes, and what people outside it feel it ought to believe.

The debate on hell is a splendid example of these confusions. Very few people, and few of them European Christians, really believe in a lake of fire wherein the wicked are deep-fried for all eternity. The picture of a hell somewhere underground where people are tormented forever really nowdays appeals only to American fundamentalists, amongst whom it is a popular legend that a Russian drilling project broke through into hell somewhere near the Finnish border – but of course it was all hushed up by the Communists. The idea is almost as unlikely as God sitting on a throne in the skies with a long white beard.

Yet the Church of England does believe that God exists and that hell – or ultimate separation from God – exists too. Some of its cleverer members believe that these truths are concealed from the modern world because they come dressed in incredible pictures, like that of the lake of brimstone, or the old man in the clouds. So they write reports, which the Synod endorses, saying neither of these things need be taken literally.

Unfortunately, they lack any very convincing cartoon pictures to put in their place. If Hell is not about demons pitchforking back into the bitumen

pits anyone who tries to climb out, then what is it about? And here the church has real trouble answering. Rwanda, Srebrenica or Auschwitz are nice pat answers, but for most of us experienced as something on television; and hell, whatever else it is, is worse than watching any possible television.

Hell is by definition worse than anything we can imagine. Only an artist of extraordinary genius can begin to suggest it – and there don't seem to be any of those writing reports for the Church of England these days. Fifty years ago, CS Lewis had a bash, with *The Screwtape Letters*. These are still extraordinarily vivid. But the doctrine commission could hardly republish them as a full systematic theology of hell.

This brings out a wider difficulty that the Church of England has when expressing its beliefs: because it is not a church with a single, defined catechism, like the Roman Catholics, and an officially promoted style of theology, it is more dependent on art than on logic. What it teaches has always been more powerfully expressed imaginatively than as a set of bald doctrinal propositions. At its best, Anglicanism could combine both forms, as in the *Book of Common Prayer*, which is both great art and great theology.

Unfortunately, for most people today it is also great nonsense. The churches that are growing, even those most rigorous in their theology, have almost abandoned the use of the book; and many of its most vociferous defenders think it valuable not because it is true, but because it is beautiful.

The classic defence of traditional liturgy and language elides the difference between art and theology: "If the King

James version was good enough for St Paul, then it is good enough for me," said one legendary churchgoer, protesting against modern translations. But this sort of confidence depends on ignorance. It cannot survive the discovery that St Paul spoke no language that we understand.

The doctrine of God has run into similar difficulties. It is all very well to believe in Him – but to explain what this means or how it feels is far more difficult. Believers express their feelings not in the production or consumption of theological reports but in prayer, which does not sit easily in the public domain.

Once the pictures and art which had expressed this belief in former ages lost their force, for one reason or another, the belief itself did not lose coherence, but became much harder to communicate.

A mathematical physicist turned priest and theologian like Sir John Polkinghorne believes that God created heaven and earth just as firmly as Michaelangelo did, perhaps more so. But Michaelangelo's scientifically impossible frescoes on the Sistine Chapel will have convinced far more people than Dr Polkinghorne's carefully argued books on God and science.

Then there is sex. All religions have traditionally been concerned with sex, not least because religious belief is in general something acquired within families. Religions that do not strengthen the social structures which transmit their doctrines will tend to die out irrespective of their truth.

Many of the fastest-declining religions in England today, such as the Methodists and the

Roman Catholics, are clearly suffering from the erosion of their traditional sociological base as much as from any difficulties with their doctrines of sex. But the Church of England's difficulties with sex are exceptionally public and prolonged.

A report last year seemed to come to terms with cohabitation as a substitute for marriage – and was furiously attacked by one member of the committee responsible for producing it, Dr Alan Storkey.

Over the weekend, Dr Storkey's wife Elaine, giggling artlessly, said on television what most evangelicals think too obvious to be worth saying: that the divorce of the Prince of Wales is an embarrassment to the church; and that this embarrassment will be redoubled if he ever remarries. The point is that Mrs Storkey's instincts are very much those of the Archbishop of Canterbury, Dr George Carey; and it is generally assumed that what she says, he thinks but would never dare to say.

As a church whose ministers are legally obliged to marry almost everyone who presents themselves demanding this service, the Church of England is caught in an appalling dilemma here. If it turns away the ungodly, it loses a chance to reach them and reduces its justification for being regarded as the church of the nation. If it accepts them, it accepts also that it will dwindle away to a sort of English Spiritual Heritage, especially in the countryside.

These problems are hard enough to deal with, but at least they are heterosexual. On the issue of homosexuality things are even worse. In many parts of the church, homosexuals of any sort are invisible. In some places they are almost the norm and have been accepted for decades. What is almost impossible for the church to do is to have a policy which will work in both sorts of parishes.

None of these problems are new. Disputes about the nature of God, hell, and the afterlife were far more pressing and bitter in the years around the First World War. But they were private then. They were fought out among bishops and theologians, and if a result was ever reached, it was done so by undemocratic means.

The General Synod has changed all that and turned the formation of doctrine in the



Dr Carey: head of a church with problems over God, heaven, hell and most other things Photograph: Malcolm Crowthers

Church of England into a spectator sport. Twice a year, sometimes three times a year, there are votes on sensitive and interesting subjects. Each vote will generate a story about what "The Church of England" thinks. Each story in turn will generate any number of articles about what the Church of England ought to believe.

There are other biases built into the system that make its proceedings shocking to the general, non-church-going classes. Because it is elected by an arcane and indirect process, the Synod's members represent the section of the church which is fondest of committees – and it often seems – least in

contact with the outside world. Synod members, by and large, read broadsheet papers and have no idea of the impression that their deliberations make on people who do not.

Because the Synod is a democratic body, riven by deeply held dissension, it develops sexual policies erratically, so the church's official position moves, like a firecracker, in a series of random leaps punctuated by loud explosions. All the large churches are split on all the issues that divide the Church of England. But the others do not make a public spectacle of the fact.

For all its frustrations and inefficiencies, there is something noble and endearing about this enterprise. We shall

talk about the truth and the truth shall set you free" is not quite as snappy a motto as it might be, but it is not bad. However, its time is limited. The Synod's position is the result of an historical oddity. It exists, and gains its national position, from the fact that it does the work of the establishment that Parliament cannot be bothered with. If the establishment goes, the Synod will be changed beyond recognition. And there are processes hastening this end.

The Archbishop of Canterbury, Dr George Carey, is determined to give the church a central government, which could provide the kind of single-minded long-term leadership that the Synod conspicuously can't. He is not a man to be gladdened by the endless attacks on the Church of England for waffling and temporising, perhaps because he sympathises with some of them.

His proposed solution is a drastic one: to set up a single central committee which will control the income of the church commissioners as well as the agenda of the Synod. This has run foul of Parliament, which considers that the church commissioners are a parliamentary charity. The struggle over that may well lead to full disestablishment – and though the Church of England may then find it has a clear and biblical line on all the important questions, it may also discover that no one cares.

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## Tour de France proves a real tour de force

I have a grown-up daughter living in London – in fact, she is so grown-up that she has recently become pregnant and is going to have a baby by the end of the year. My son-in-law tells me that the pregnancy had that hit her is not the sudden fondness for eating liquorice or nibbling bits of anthracite that is said to hit mothers to be, but an enormous craze for watching the Tour de France reports on Channel 4.

This I find startling. Most women are too sensible to watch sport, anyway, but my daughter is the one woman in the world in whose education I had a close part, and I was always very careful to send her to schools where they didn't play rugby or have more sports trophies than poetry prizes. If, at home, an important match came on TV which I felt I had to watch, I would be careful to usher her out of the room first and send her off for a long walk. It didn't matter if I watched it because I was beyond caring, but I wanted to save her. It isn't just sports watching that is bad for you, it is

passive sports watching as well. And now she is addicted to daily Channel 4 Tour de France reports!

Well, if she has to be temporarily addicted to any sport, I would prefer it to be a sport on Channel 4. All the sports ever broadcast on Channel 4 are spectacular, not just in their skill and endurance but in their incomprehensibility and poetic impenetrability. I was once taken to an Urdu poetry recital in Hyderabad, in India, and the baffled enjoyment I got from that evening is very like the baffled enjoyment I get from Channel 4 sport. Sometimes it features one of those games which have survived in Ireland, in which people cannot make up their mind whether to hit the ball with a stick or run with it, so they kick it instead – and the game is called shinty, and if it is not called that it is called hurling, or maybe Gaelic football, and I could watch it for hours. There always comes a point near the end when a breathless commentator says: "Well, Limerick have got an awful lot to do if they are to



Miles Kingston

catch Sligo now," and I realise, with a thrill of excitement, that I have no idea which team is Limerick or which is Sligo, thus adding a new element of thrilling obscurity to the game. Sometimes it is an Indian game, called something like kabaddi, in which people have to touch each other. Sometimes it is a game called Australian Rules football, in which the players have to be sun-tanned and wear only their underwear. But as long as it is a game in which you are left to your own devices to work out what is going on, it is fun. (American football is different from all other Channel 4 games, though. Not only is it an extremely tiresome game,

being a cross between chess and trench warfare, with the best bits of both excluded, but the commentators are determined to stuff you with the most tiresome statistics known to man. You would have to be pregnant with triplets to work up a sudden taste for American football.)

So I can understand my daughter's infatuation with the Tour de France. In fact, as it is a good Channel 4 sport, I have had it myself. I have found myself transfixed as the kilometre signs flash by, as the thin muscular bottoms of the riders bob up and down through cheering little French villages, as the camera viewpoint shifts giddily from just behind the leader's left ear to a high helicopter shot of the entire Tour streaming along a main road like ants heading towards a picnic. I have found myself wondering where the camera is, realising it is on a motorbike just in front of the breakaway squad, seeing, with great excitement, the shadow of the cameraman leaning right off his vehicle. What I have never done is

have the faintest idea what is going on, who is really winning, or what a squad does when it sets out to support its star rider. I don't think I have ever wanted to know. Because it is only when you do know what is going on in a sport that you realise how dreary most of it is. I understand what is going on in football and I think a lot of Euro 96 was pretty dreary. And I know what is going on in rugby, or at least enough to know I never ever want to see England play rugby again; I never want to see the England scrum kill the game again. I never want to see a load of supposedly fast and intelligent three-quarters kick for touch or forget to pass the ball when tackled again.

In brief, I think the news that England has been excluded from the Five Nations competition is the best news since, well ... since I heard that my daughter was pregnant.

Tomorrow, we tell you which drugs you need to get you through watching the Olympic Games.

0800 000 888







## Red faces as Sids lose out in British Energy float flop

MICHAEL HARRISON

The flotation of British Energy yesterday turned into an unprecedented privatisation flop for the Government as shares in the nuclear power generator crashed by more than 10 per cent on the first day of dealing, leaving hundreds of thousands of small investors nursing losses.

The scale of the meltdown left ministers and their financial advisers, BZW, in an acutely embarrassing position and provoked fresh questions about British Energy's prospects.

By the time the market closed the partly-paid shares had fallen from an offer price of 105p to 94p, having touched 92p at one stage, amid heavy trading with 80 million shares - 11.5 per cent of the total shares offered - changing hands.

A small investor who received the maximum allocation of 600 shares in the public offer was last night looking at a loss of £30 on an investment

of £600. Private shareholders who took part in the retail tender and institutional investors were facing far heavier losses.

But it was British Energy's directors who were staring at the biggest individual losses. Chief executive Dr Robert Hawley bought 33,000 shares which were last night showing a loss of £3,630 while chairman John Robb was nursing a £2,300 loss and finance director Michael Kiwan a loss of £1,650 on 15,000 shares.

As the scale of the sell-off became clear, a series of explanations was hastily assembled by advisers, ranging from the fall on Wall Street to adverse press reports and comments from former British Gas chairman Sir Dennis Rooke that shareholders had been conned when the business was floated in 1986.

Advisers also pointed to evidence of short-selling by market-makers - offering to sell shares they did not own in the expectation of being able to buy

them at a cheaper price by the time they had to deliver the stock.

Attending the start of dealings at BZW's dealing room in the City, the President of the Board of Trade, Ian Lang, expressed satisfaction, saying the taxpayer had done "very well" out of the flotation. "I am very pleased with what we have achieved. This is a privatisation that six years ago we were told could not happen."

But John Baitle, Labour's energy spokesman, said that the sale of British Energy looked increasingly like "a bad deal for shareholders as well as short-changing the taxpayer".

He also demanded to know whether there had been a cover-up by ministers to keep secret the closure of two of the company's stations until after the public share offer had closed.

The collapse in the shares yesterday was all the more surprising since the issue had been priced at the bottom end of the Government's range. At the fully-paid price of 205p the flotation will raise just £1.4bn - £500m less than the Government had initially expected.

Patrick Green, Friends of the Earth's senior energy campaigner, said: "The temptation to say we told you so is overwhelming. As British Energy's new owners contemplate their loss they should give some thought to why they ever fell for the nuclear con. Nuclear power

never was and never will be a sound financial investment.

In the past, shares in privatised companies have performed badly shortly after dealings began only in exceptional market conditions or where the sale was a secondary offering. The BP share offer in 1987 was a victim of the world-wide crash. Secondary offerings of shares in BT and the two generators, National Power and PowerGen, also fared poorly.

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Insurance bail-out: Hard core of rebels vows to fight on in court despite overwhelming vote of approval for first stage of plan

## Lloyd's gets green light for £3.2bn rescue plan

PETER RODGERS  
Financial Editor

Lloyd's yesterday won an overwhelming vote of approval for the first stage of its rescue plan, now worth £3.2bn, £100m more than the last official figure.

But a hard core of the 5,000 names present said they would become "refuseniks" and fight on in the courts.

David Rowland, chairman of Lloyd's, began the annual meeting at the Royal Festival Hall in London secure in the knowledge that proxy votes had already out him well on the way to success.

The votes were only the first stage in a series culminating in a poll of all members that closes on 28 August. But without the approval of members for a £440m special contribution to the rescue fund, the plan would have fallen apart.

Rebel names claimed they had enough continuing support to finance new legal actions for fraud against the market, though Lloyd's officials were dismissive of the numbers claimed to be ready to follow them.

The exact total will not be known until the August deadline for members to accept or refuse their individual offers, though the votes yesterday were regarded as indicating almost certain success for the rescue plan.

Alan Porter, a Lloyd's mem-

ber, claimed there would be between 1,000 and 5,000 "refuseniks". "The case for fraud in the form of bad faith and reckless misrepresentation has gathered sufficient strength to be endorsed for the first time by leading counsel in the last few days," Lloyd's should be pursued until the full truth came out, he added.

Mr Porter, chairman of the property company London and Industrial, was the principal speaker on behalf of four motions from rebel names which attempted to force Lloyd's to improve its offer by as much as £1bn. The rebel names had requisitioned an extraordinary meeting to follow the annual meeting.

Ron Sandler, chief executive of Lloyd's, said "any attempt to implement these proposals must lead quickly to the collapse of Lloyd's and I can't help but feel that some of the sponsors of these resolutions understand that only too well".

Even before the votes on the rebel motions were taken, Mr Rowland revealed that 85 per cent of the proxies he had received were against.

After the votes on the rebel motions, Lloyd's broke up into three separate meetings to approve the crucial £440m payment towards the rescue.

It emerged that by the start of these later meetings between 94 and 98 per cent of the proxy votes submitted were in favour.



Hand-off: 'Refuseniks' outside the Lloyd's annual meeting yesterday had mixed success in attracting support for their cause. Photograph: Geraint Lewis

## Rowland ruffled by two-pronged assault

Only two questioners from the floor ruffled David Rowland of Lloyd's, in his polished and successful handling of one of the most crucial meetings he has ever chaired, writes Peter Rodgers.

One was when a rebel Lloyd's name, Philip Colfox, made allegations about Mr Rowland's period as a director of an underwriting firm in 1981. To supportive applause from elsewhere on the floor, Mr Rowland said he was extremely tired of Mr Colfox's allegations for which there was not the slightest scrap of evidence.

And Sir Alan Hardcastle, Lloyd's top regulator, said he had looked into documents sent by Mr Colfox and so had Lloyd's lawyers, and there was "no basis whatsoever on which it would be right to take investigations any further at all".

In sharp contrast, the other incident that slightly ruffled the urbane Mr Rowland was when a Mr Salstein praised him to the skies, saying "one man above all deserves our thanks - David Rowland... you deserve national honour and recognition and trust".

This honour would soon be forthcoming, he added, though he did not forecast whether it

would be a knighthood or a peerage. Mr Salstein's litany was hard to stop until Mr Rowland joked that his own wife, who was in the audience, would give him hell after hearing it.

The meeting at the concert hall was tightly organised, with high security. But there was little of the emotional drama seen three years ago at a time when losses were still mounting and Lloyd's was offering only £900m compensation.

When Adam Ferguson, demanded that David Rowland, the chairman, publish the list of managing agents and others responsible for losing the

names' money, Mr Rowland said: "We can't put heads on pikes in quite the way I understand you would like."

David Durant, who said he spoke for 800 ruined names with so little left that they could not pay membership subscriptions to his group, pressed for more help. "The need is desperate - this must be pushed with all speed - we all have milk bills to pay."

He asked Mr Rowland to include widows of members in a new pension scheme for the hardest hit, and Mr Rowland said immediately: "The answer is yes."

The very first questioner from the floor raised, without naming them, the intractable issue of the Vine brothers, identical twins with identical exposures to Lloyd's. It has already emerged that the twin who has paid his debts will have to contribute twice as much to the rescue as his brother, who refused.

Acknowledging the problem thrown up by the way the rescue has been structured, Mr Rowland said: "We can't square the circle but what we have sought to do as we have gained more resources has been to make it as palatable as we possibly can."

## BBC sale attracts interest

The sale of the BBC's transmission business, scheduled to take place later this year, is attracting a high level of interest, sources close to the situation said yesterday.

Potential bidders include several domestic and international telecommunications companies, at least two cable companies, and NTL, the rival ITV transmission service.

A memorandum on the sale is to be sent to interested parties shortly. This is expected to detail the terms of the BBC's long-term contract with the new company. It is being set in a way that maximises the proceeds of the sale while providing the Corporation with flexibility to use alternative transmission services at some stage in the future.

The Government has already pledged that privatisation will not mean the BBC paying any more for its transmission than it does at the moment.

No decision has yet been taken by the BBC on whether it will be using the existing transmission infrastructure, which is analogue-based, in its plans for digital television. Were it to do so, the newly privatised company would have to invest heavily in new technology.

The recent sale of NTL for £235m to International CableTel provides a benchmark for valuing the BBC's transmission services. The UK transmission sites in the four devoted to the World Service are being parcelled into a separate business, although bidders for the domestic service can also bid for the international side.

NTL would have the opportunity to make big efficiency savings were it the successful bidder, since it shares many of the sites occupied by the BBC's service. However, the resulting reduction in competition may prove unacceptable to the Government.

## Rivals say open skies is no answer to BA tie-up

CHRIS GODSMARK

An open-skies agreement to liberalise access to Heathrow Airport would do nothing to curb the monopolistic implications of British Airways' proposed alliance with American Airlines, rival airline operators told MPs yesterday.

In an unprecedented lobbying effort, Delta, United and Continental Airlines told the Commons Transport Select Committee that the damage to competition would far outweigh any gains from the chance to bid for slots to Heathrow. The hearing follows Richard Branson's outspoken attack on the deal and increases the pressure on UK and US authorities. The Office of Fair Trading is also investigating.

"We would sacrifice the opportunity to compete for Heathrow in order to stop this

deal going through," Robert Coggin, Delta's executive vice-president of marketing, said. The BA-American tie-up involves merging ticket sales, revenues and marketing operations.

Its critics say it would increase BA's share of the Heathrow-US market from 42.5 to 60 per cent. On routes from Heathrow to Miami and Boston, their combined market share would increase to 100 per cent.

The alliance requires anti-trust immunity in the US. In previous cases, US government approval has depended on an open-skies agreement allowing airlines to trade slots.

Rivals insisted yesterday that this would not prevent BA-American from using predatory pricing on the most lucrative routes and monopolising valuable ground facilities at Heathrow to squeeze competition.

United Airlines has a similar

tie with Lufthansa which recently received US anti-trust immunity after the conclusion of an open-skies deal with Germany.

A spokesman for BA said after the hearings: "The criticism is a bit rich from airlines who already have deals themselves."

"Why shouldn't what's good for them be good for us?"

But United, Delta and Continental all argue there is greater competition for routes between Frankfurt and the US. Delta claimed it had "no problems with slots to Frankfurt compared with the situation at Heathrow".

United said it had 34 per cent of services from Frankfurt to the US, compared with Delta's 23.6 per cent. BA prefers to compare European routes in general rather than focusing on its privileged position at Heathrow.

BA said: "This deal can only lead to lower fares, more competition and greater choice."



Richard Branson: Attacked the BA-American alliance

Continental, United and Delta last night denied they were combining lobbying efforts in an attempt to sink the alliance. But they admit their campaign against BA was unprecedented. "It's unprecedented, but so is this proposed deal. It's breathtaking, it's so ludicrous," said Barry Simon, Continental's vice-president for Europe.

## Eurotherm boss gets investors' backing

TOM STEVENSON  
City Editor

Institutional investors, including Mercury Asset Management, the Prudential, Royal Insurance and Schroders, looked certain last night to win their attempt to reinstate Claes Hulthman as chief executive of the industrial control manufacturer Eurotherm. Mr Hulthman resigned two weeks ago after failing in an attempt to oust Jack Leonard, Eurotherm's chairman, who is expected to agree to early retirement.

Talks between the company and its most influential institutional investors to thrash out a compromise solution broke up last night with no settlement but a deal is expected this week.

The negotiations represent the latest development in an acrimonious boardroom bust-up that has pitched the institutions against Eurotherm's non-

executive directors who, the institutions believe, forced out the man who had transformed the company.

Eurotherm's largest shareholders had known little about Mr Hulthman's attempted coup and were furious when the flogging of his plan to replace Mr Leonard effectively forced him to resign. During his tenure as chief executive, Eurotherm's profits have soared from £7m to £34m.

Investors were dismayed at Mr Hulthman's resignation and on the day of the announcement the value of the company fell 12 per cent from £530m to £470m. Many feared that without him at the helm, the shares would never again reach their previous levels.

The coup attempt split the board, with finance director Robert Biddle, chief operating officer Peter Wade, and 81-year-old founder James Hartnell backing Mr Hulthman.

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FTSE 250	4291.80	-24.90	-0.6	4568.80	4015.30
FTSE 350	1860.00	-14.20	-0.8	1945.40	1816.50
FT Small Cap	2136.30	-11.47	-0.5	2244.36	1954.06
FT All Share	1842.72	-13.68	-0.7	1924.17	1791.95
New York	5466.58	-54.00	-1.0	5778.00	5032.94
Tokyo	21753.42	+98.97	+0.4	22696.80	19734.70
Hong Kong	10800.13	-2.55	-0.0	11594.99	10204.87
Frankfurt	2550.53	+6.27	+0.2	2583.49	2253.36

Source: FT Information

INTEREST RATES					
Short sterling*	UK medium gilt	US long bond			
3m	6.25	7.12			
6m	6.25	7.12			
12m	6.25	7.12			
2yr	6.25	7.12			
5yr	6.25	7.12			
10yr	6.25	7.12			
30yr	6.25	7.12			

CURRENCIES					
£/\$	£/DM	£/¥			
1.37	2.30	172			
1.36	2.30	172			
1.35	2.30	172			
1.34	2.30	172			
1.33	2.30	172			
1.32	2.30	172			
1.31	2.30	172			

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# A bargain basement offer all too easy to refuse

## COMMENT

'On any realistic assessment British Energy is likely to prove a stupendous cash cow for the next 40 years; if that is not enough it is quite prepared to pay dividends out of capital'

The array of excuses trotted out yesterday for the meltdown in British Energy's share price was truly atom-splitting in its range, ingenuity and novelty. In no particular order we were told it was due to the weakness of the Dow, intra-dealing among market-makers, Sir Dennis Rooke's unhelpful comments about British Gas shareholders having been conned, misconceived attempts by retail investors to snag the issue and, of course, that old favourite, short-selling.

And don't forget that the Docklands Light Railway also broke down and the pollen count was high. We are still checking the sun spots. Many and varied are the factors which influence share prices in newly privatised stocks, or so the sponsors would have us believe. The Government and its advisers around at BZW show every intention of brazening out this latest embarrassment in much the same way as they have ignored every other setback in the rush to nuclear privatisation.

Whichever way you emerge from under this mushroom cloud of explanations, the picture does not look pretty. If the price was undermined by a wave of selling from small investors hoping for a fast buck but instead getting a swift loss, it suggests either that the lads have learnt nothing from a decade of popular capitalism or that the Government's dream of share-holding democracy is as empty as ever.

If the answer lies in an investment strike by institutions then the implications are equally

bad. This offer was made about as bargain basement as the Government dared, and still nobody could be persuaded to buy. On any realistic assessment British Energy is likely to prove a stupendous cash cow for the next 40 years and if that is not enough it is quite prepared to pay dividends out of capital.

It is just as well the Government now has nothing left to sell. It is some political achievement to short-change simultaneously both taxpayers and investors. This time there isn't even Professor Stephen Littlechild or Clare Spottiswoode to pin the blame on.

## Institutions used brawn, not brains

Eurotherm's temperature controls and sensors are hardly the most exciting of products but the shenanigans in its boardroom have made compulsive viewing over the past two weeks. If Clares Hultman, the autocratic Swede who huffed out of the company after falling to oust its chairman, is reinstated it will represent a first in the colourful history of corporate bust-ups.

If there has been another instance of a chief executive demanding to be made executive chairman, being over-ruled by his company's non-executives, resigning, being wooed back by a couple of powerful institutions and returning to exactly the job he resigned, it has passed us by. It is hard to

imagine a more pointless exercise and hard to believe that anyone in this silly saga has done themselves any good.

Unfortunately though most aspects of this story have been, it does throw up a number of corporate governance issues with implications far beyond the otherwise not so very important case of the succession at a middle-ranking industrial controls group. As in the recent case of Farnell's ultimately successful bid to takeover an American rival, Premier, institutions are becoming increasingly prepared to throw their weight around.

It is by no means clear who benefits from their more and more public belligerence. One of the most curious aspects of this boardroom tiff is why it happened at all. The fact that Mr Hultman should fall out with Jack Leonard, Eurotherm's chairman, comes as no surprise. Not known for his charm or resilience, Mr Hultman has done a fantastic job in turning round Eurotherm's fortunes. In the process he has put a number of noses out of joint. But why he could not have waited until Mr Leonard's planned retirement next February to flex his muscles remains a mystery.

Equally unclear is how non-executives, all of whom have first hand experience of working with strong-willed company bosses, allowed themselves to be manoeuvred into the position of effectively ousting the man who had saved the company. It is plainly preferable for a company to separate the roles of chairman and chief executive and

with a chief executive as self-confident as Mr Hultman. It might be argued that it is essential. But this is not Guinness, nor is Mr Hultman Ernest Saunders. In a small to medium sized company, combining the roles of chairman and chief executive is perfectly acceptable practice.

As for the Fru and MAM, the leading agitators, it could be fairly claimed that they have overstepped their remit. Certainly as owners of a business they have a strong interest in the composition of the board, but if they are to strong arm non-executives into reversing the decisions they are appointed to make then why bother appointing them in the first place? If institutions want to start actively interfering in the management of companies, then they should also accept the share trading limitations that go with such responsibilities. But they won't of course. Nobody emerges with any credit from this sorry little episode.

## The pound is not a sterling performer

The Bank of England could scarcely conceal its glee at the success of its surprise \$2bn Eurobond issue yesterday. The bond was subscribed at a premium of just five basis points above US Treasuries, putting the UK right at the top end of the top bracket in terms of the way international investors regard our credit worthiness. Only organ-

isations like the World Bank get away with borrowing so cheaply in US dollars. Most countries pay a great deal more.

The Bank is right to describe the issue as "a triumph". Unfortunately it is not quite the same story when it comes to borrowing in sterling. International investors may think the UK's credit worthiness top notch, but they still don't much like the currency in which it does the great bulk of its borrowing. When it comes to investing in bonds denominated in our own inflation prone currency - the poor old pound - they still demand top dollar. The Government is forced to borrow in sterling at a considerable premium to the price the US pays for its own, dollar-denominated borrowings. This concise measure of the Government's anti-inflation credibility or lack of it has shown a widening gap between the rates on UK and other government debt since early in 1994. It is a phenomenon that has troubled the Bank of England and goes a long way to explain its discreet opposition to Kenneth Clarke's base rate decisions. The Chancellor was none the less displaying his usual sunny disposition yesterday. He told members of the Treasury Select Committee that, as far as the economy goes, we will be able to have our cake and eat it too, along with cocktail sausages and crisps and a beer or two. Growth is picking up, government borrowing is on a downward path, and the economy is not overheating. So inflation will stay low, he insisted. What a shame the markets are so sceptical.

## City trading: Automated share settlement system will demolish mountain of paperwork and cut costs

### Crest gets settled in at Exchange

Kenneth Clarke, Chancellor of the Exchequer, officially launched the Crest automated share settlement system yesterday, which will remove mountains of paper from institutional back offices, writes John Willcock.

Also present were Howard Davies, Deputy Governor of the Bank of England, and Pen Kent, chairman of CrestCo. The Crest system, developed by the Bank over the past three years and owned by 69 financial institutions, began operations at 4am.

Crest's annual running costs of £35m are roughly half those of Talisman, the paper-based system. The Government asked the Bank to develop Crest after the Stock Exchange's own project, Taurus, failed at a cost to the City of around £400m.

City Diary, page 18



Making waves: Kenneth Clarke, the Chancellor, (above) said, 'The launch of Crest takes share transfer in London into a new era. It will help keep London at the cutting edge as one of the world's leading financial centres' Photograph: Reuters

## IN BRIEF

• The Confederation of British Industry today calls for an extra £25bn to be pumped into the country's transport system over the next decade to reduce congestion, create jobs, improve competitiveness and stimulate inward investment. A report from the employers organisation says that annual spending should increase from £8.75bn a year over the past 10 years to £11.25bn a year over the next, with the share of investment accounted for by the roads programme falling from 66 per cent to 62 per cent. Private finance could provide a third of the investment necessary to complete key projects such as the Birmingham Northern Relief Road, upgrading the West Coast Mainline and modernisation of the London Underground.

• Electrabel, the Belgian utility, yesterday snapped up a 1.5 per cent stake in ScottishPower as part of a technology co-operation agreement between the two companies. Electrabel, which is 40 per cent owned by the engineering conglomerate Tractebel, said it would limit its shareholding to a maximum of 5 per cent for two years. There are no plans for ScottishPower to buy a cross-shareholding.

• Some of New York's largest securities firms will have to begin random taping of conversations of traders at their over-the-counter desks as part of a settlement with the United States Justice Department into allegations of price-fixing on the Nasdaq exchange. In return for increased in-house surveillance by the firms, the government will end its two-year investigation without filing criminal charges or imposing fines. However, the introduction of taping systems is expected to cost companies up to \$1m (£645,000) each. Hitherto, US securities firms have not recorded over-the-counter transactions.

• Cable & Wireless has sold its 51 per cent stake in Mercury Paging to a US management team for £36m. Mobile Telecommunications Technology Corp, which has 29 per cent of Mercury Paging, and Motorola Inc, which has 20 per cent, have also sold their stakes to the management team for a total £24m. C&W will continue to offer paging services to its customers either as part of a package or an integrated communications solution. The operation of the paging services will be outsourced to the new team.

• Property letting in London's Docklands is at its highest level since development began 15 years ago, despite a huge IRA bomb in February which rocked the area near Canary Wharf tower. The London Docklands Development Corporation, which oversees development of the former docks, said more than 1.37 million sq feet of office space was let during 1995/96, compared with 1 million sq feet the previous year. LDDC's chairman Michael Pickard expects 90 per cent of the businesses which were forced out of their offices by the IRA bombing of South Quay would remain in the Docklands area.

## Economic recovery gathers pace

DIANE COYLE  
Economics Editor

The economic recovery promised by Chancellor Kenneth Clarke gathered steam last month. Alongside another surge in high street spending came signs that the benefits were trickling down into the depressed construction industry.

The growth in retail sales in June was the second-highest it had recorded in two and a half years, boosted by good weather and the housing market, the British Retail Consortium said

yesterday. The housing market continued to pick up, too, with the Royal Institute of Chartered Surveyors saying more estate agents were reporting rising prices than at any time since the property boom.

Builders are finally beginning to share the fruits of recovery, according to the Building Employers Confederation. It said construction output increased in the second quarter of the year, the first rise since early 1995.

Retail sales were 7 per cent higher than a year earlier, the BRC reported in its monthly

survey of big retailers. This was up from 6.2 per cent in May and around 4 per cent in the first four months of the year, indicating that the improving trend on the high street is being sustained.

Andrew Higginson, chairman of its economic affairs committee, said: "Consumer confidence and willingness to spend has certainly improved, and this is reflected in greater optimism among retailers."

The weather and Euro 96 boosted beer sales. The sunshine helped clothing sales in

the first half of June, while footwear sales were the best for months.

The football-mania hit sales of electronic goods, aside from over-popular personal computers. But anything else related to the housing market - china, curtains, furniture and carpets - sold well.

The survey noted that, apart from May, when official statistics for the value of retail sales fell unexpectedly, its indicator has tended to understate the actual growth of sales by about 1 per cent.

Further evidence of the revival of the housing market was provided by estate agents. A net balance of 30 per cent of agents said prices went up rather than down in the three months to the end of June compared with three months to the end of May, according to the monthly survey by the Royal Institution of Chartered Surveyors.

The highest balance of rising prices since October 1988, it was dominated by London and the South-east. A balance of 78 per cent of estate agents in the region said prices increased, fuelled by an acute shortage of properties for sale.

The national average of homes for sale per agent stands at just 124, the lowest figure since spring 1989.

There were tentative signs that the upturn in housing is bringing relief to hard-pressed builders. The April-June survey of the construction industry reported the first improvement in output since the beginning of 1995, although the rise was modest.

Paul Shepherd, chairman of the Building Employers Confederation, said: "We can at last begin to see some light at the end of a very long, dark tunnel." He warned, however, that the outlook for employment in the industry was still bleak. "We need a continued regime of low interest rates and inflation levels," he said.

The improvement in output last quarter was due to increases in private housing, industrial and commercial demand, along with non-housing repair and maintenance.

## Airbus lands \$2.5bn jet order

MICHAEL HARRISON

Airbus Industrie, the four-nation aircraft manufacturer, yesterday stole a march on its arch-rival Boeing by landing a \$2.5bn (£1.6bn) order for 45 jets from the leasing arm of US corporation General Electric.

The deal comes a week after the four Airbus partners agreed to convert the consortium into a single corporate entity and will serve as a fillip to Airbus as it fights to erode Boeing's domination of the market.

This first order Airbus has received from GEAS and increases Airbus's firm order book so far this year to 188 aircraft worth \$13.5bn against 106 orders in the whole of last year.

Jean Pierson, managing director of Airbus, said: "The decision by GEAS to invest in our aircraft for the first time and in such significant numbers further consolidates the strong market appeal of our new generation products and reflects the continuing growth of our world market share."

Sales of the A320 family stand at 1,060 firm orders from 49 customers while the A350-A340 family has captured 321 firm orders from 41 airlines, giving it 44 per cent of the market for aircraft in the 250-350 seat range, Airbus said.

Deliveries of the A 319, A320/A321 jets are due to begin in the middle of next year and continue at a rate of 10-15 aircraft a year up to 2001. The A340s will be delivered between 1999 and 2001. Airbus has set itself the target of becoming a full public company with its own assets and equity by 1999.

## Chancellor cheers doubting MPs

Kenneth Clarke, Chancellor of the Exchequer, raised hopes of both tax cuts and lower interest rates as he told MPs yesterday that the economy was poised for strong acceleration in growth without any risk of inflation picking up.

In buoyant mood, he shrugged off the shortfall in tax revenues below the Treasury's earlier forecasts which led him to announce big upward revisions in targets for the Public Sector Borrowing Requirement (PSBR) last week.

"A PSBR forecast that is only out by £4.5bn is not bad by historical standards," he assured the House of Commons Treasury Select Committee yesterday. "The key to policy is that borrowing must be kept firmly on a downward path."

Mr Clarke reaffirmed the commitment to bring the Gov-

A buoyant Kenneth Clarke is shrugging off tax revenue shortfall, writes Diane Coyle

ernment budget towards balance in the medium term. But he agreed that lower than expected inflation had created some £3.5bn in slack in current public spending plans.

Reducing the spending target by that amount would be more than enough to cut the basic rate of income tax by a penny, provided there is no further slippage in the PSBR.

Mr Clarke said there was no satisfactory explanation of the shortfall in tax revenues below the Treasury's earlier forecasts. But he added that revenues were growing - just not as quickly as he had expected.

"The forecasts are treated ridiculously. They will be quite

different this time next year. I guarantee you a pound to a penny," he said.

The Chancellor defended his optimistic outlook for growth in the second half of this year. In new forecasts last week he predicted it would climb under 2 per cent in the first half of the year to nearly 4 per cent in the second half. "My confident views are becoming ever more widely shared," he said.

However, the Chancellor denied that this view was inconsistent with his decision to cut the level of base rates last month. He said he gave most weight to the direction of the real economy in setting interest rates.

"People are warning me of a

risk of overheating in the economy when at the moment we are still at a rather low temperature," he said, in a remark sure to be taken as leaving scope for a further cut in base rates.

Mr Clarke and Eddie George, Governor of the Bank of England, are due to hold their next monetary meeting on 30 July. Mr Clarke said he was surprised the Office for National Statistics had not yet revised up its figures for GDP earlier this year, adding that he had decided not to raise interest rates last May because he had not believed the statistics.

This swipe at the figures follows his recent statement that his Treasury "boffins" had made mistakes and his criticism last week of the Bank of England's inflation forecasts. Mr Clarke added insult to injury: "I did not accuse them of bad forecasts. I simply said their forecasts had always been wrong."

## Reuters' 3000 guns for rivals

MATHEW HORSMAN  
Media Editor

Reuters, the financial information company, yesterday launched its long-awaited 3000 series information system in the UK and Ireland, in a high-stakes bid to see off increased competition from competitors such as US-based supplier Bloomberg.

The new system, developed over three years at a cost of £70m and aimed at replacing the 10-year old 2000 series, boasts access to an extensive historical data base, a feed from Reuters Tele-

vision, and what analysts yesterday said was the best international data available through dedicated screen systems.

"This latest series certainly takes Reuters one step beyond Bloomberg," Brian Newman at Henderson Crosthwaite, said yesterday. "It is far more user-friendly and will definitely increase Reuters' market share."

John Parcell, managing director, UK and Ireland, said: "Since we launched the 2000 series, there has been a phenomenal number of changes and upheavals in the financial markets."

The system will be delivered from the second half of 1996, but is unlikely to have an impact on pre-tax profits until 1997. Analysts expect international banks and large fund managers to be the first to upgrade from the Reuters 2000 series, although most current users are expected to switch within the next five years.

The new system is priced at about 5 per cent more than the 2000, but offers what Reuters yesterday called the "most comprehensive product packages introduced for nearly a decade."

## M&G backing boosts Costain rescue hopes

Costain's hopes of securing approval for a controversial refinancing package received a boost yesterday when one of the biggest shareholders in the troubled construction group came out in support of the deal, writes Patrick Toohy.

M&G, which speaks for 7.36 per cent of the company, said it would vote in favour of the package at next Monday's egm. Alan Lovell, Costain's chief executive, said he would be meeting other institutional shareholders this week in a bid

to "drum up" support. But Costain has no plans to meet its two biggest investors - Kuwaiti construction firm Kharafi and Saudi-based Raymond International - which between them hold 38 per cent of the company. The Middle East investors have so far made no comment about their intentions.

The rescue deal involves a £73.6m share issue that would give up to 40 per cent of the enlarged share capital to a Malaysian construction group, Intria Barhad.

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## business

## Light at end of tunnel for P&amp;O

The 9p rise in P&O's share price yesterday to 492p represented a welcome respite after almost three years of dramatic underperformance by the container shipping to ferries, cruises and property conglomerate.

The bounce will, however, have capped a bad 48 hours for Lord Sterling, the group's chairman. He won't have relished the implied confirmation of a Sunday newspaper survey of fund managers suggesting that most of the large insituations were after his head.

The poor performance of P&O in recent years partly reflected the market's disenchantment with conglomerates generally. But there are a number of company-specific problems that P&O is struggling to overcome.

Put together in a haphazard way over many years, P&O is a ragbag of unrelated interests. A fact tacitly acknowledged in March when Lord Sterling pre-empted calls for a break-up by promising a £1bn disposal and flotation programme to create a more focused group with fewer, larger divisions.

The programme, which included the flotation of Bovis Homes, and the sale of £500m of investment properties would, Lord Sterling hoped, return the group to operating margins of 15 per cent. A level P&O had not achieved in more than a decade.

It would also generate the cash to continue paying a 30p dividend, the level of the payout for years now and patently unsustainably high in the absence of the cash provided by property sales in the boom years of the 1970s and 1980s. Inflation has always built P&O out; now the company was showing signs of learning to live in a less favourable environment.

That was the theory. Since then the shares have continued to underperform as the market focused on the fact that, while P&O's businesses are not intrinsically badly run, they are operating in difficult markets. Commercial shipping is fiercely competitive and generates a return on assets little better than a building society account, and the cross-Channel ferry market has been choked by the Channel Tunnel.

As a result, analysts have steadily edged forecasts back and last year's fall in profits from £251m to £32m, itself a collapse from 1993's £521m, is unlikely to be rectified this year. Profits of perhaps £315m are the consensus now.

There is some light at the end of the tunnel, however, and if, as expected, the Government clears the way this week for the sort of co-operation between P&O and Stena on the hard-hat cross-Channel routes then prospects could brighten considerably for one of the group's largest and most troubled divisions. The other good news is that P&O's dividend looks reasonably safe. At almost 8 per cent, the gross income on that payout looks increasingly attractive at more than twice the rate of

## THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

## Ellis rides the chemical bronco

For a company ostensibly exposed to the vagaries of the chemical price cycle, Ellis and Everard's track record is second to none. As Jonathan Taylor, chairman of the Bradford-based chemicals distributor, highlighted yesterday, earnings per share and pre-tax profits have almost doubled in the last three years, a period which has seen massive swings in chemicals prices. The share price has responded accordingly, nearly doubling from a low of 153p at the end of 1992 to 282p yesterday.

Results for the year to April once again make impressive reading. Stripping out a one-off £7.7m charge taken on last year's sale of a swimming pool equipment and food and drink hygiene business, pre-tax profits rose 22 per cent to a record £25.6m on turnover 11 per cent up at £571m. Earnings per share were 8 per cent higher at 20p, while the 9.2p payout is a tenth up on last year.

The sales figure includes a maiden

£12.7m contribution from acquisitions, including Rhode Island-based George Mann which made Ellis the fifth-largest chemicals distributor in the US. Almost half of profits come from across the pond. All told, five businesses have been bought so far this year and should add £60m to turnover.

Cost control is another key to Ellis's success. Despite the increased level of business, distribution and administrative expenses rose by only 2-3 percentage points, squeezing operating margins higher.

Tight working capital control and strong cash flow also did wonders for the balance sheet. Gearing halved to 16 per cent, despite Ellis splashing out £14m on acquisitions.

However, there are several reasons to believe that the recent rapid rate growth is likely to be a little more restrained going forward.

Having re-focused on chemicals distribution and sold off loss-makers, Ellis increasingly relies on corporate activity to drive profits ahead. While the track record in this area is good, the number of earnings-enhancing deals out there is not infinite.

Second, the commodity chemicals cycle is becoming less volatile, making stock profits more difficult to achieve while raising the prospect of stock losses being incurred.

And pushing up operating margins

much further will be difficult in an increasingly competitive environment, especially in the US.

Analysts nudged up their profits forecasts for the full year by about £500,000 to £29.5m, suggesting a forward price-earnings ratio of less than 13 with the shares at 282p. That is an undemanding rating, but probably is an accurate reflection of more subdued prospects going forward. Hold.

## Shandwick gets connected

Investors who bought shares in Shandwick International, the public relations firm, at just a little more than 4p back in the nadir days of 1992 have reason to be grateful for the company's return to favour since the recession. That is not much consolation, of course, for those who have been on the shareholder register since the heady days of late 1991, when the thriving, globe-trotting firm was being built, and the shares soared as high as 136p.

Today, at a price of 50p, it looks like the bad old days are gone even if the pre-recession heights will not be scaled anytime soon. Unravelling sparkling results yesterday for the first half of 1996, with pre-tax profits ahead nearly 11 per cent to £3.6m on revenues 12.6 per cent up to £58.5m, the company confidently predicted double-digit growth in the second half and beyond. The impetus is a roster of leading clients, and the prospect of even more business from truly global customers, who want to take advantage of Shandwick's extensively built network in Europe, Asia Pacific, the UK and the US.

Indications that there are, indeed, such global clients were proved by two key account wins: Digital Equipment and MasterCard. Both see Shandwick, the world's largest "independent" PR firm, as being capable of providing full-service public relations in all the key markets in which they operate.

Big spenders like this can be crucial to future growth. The average spend of all clients is a modest £60,000 a year. The big three, however, should account for £2m or more a year each, helping to drive revenues forward nicely.

Shandwick has also branched out impressively into Internet-related services (building web pages, for example), having followed customer demand.

Looking ahead, full-year pre-tax profits ought to reach £9m, climbing to £10m in 1997. With current year earnings per share likely to hit 4.7p, the stock is on an undemanding multiple of about 11 times. As a company that this past year outperformed the market by 25 per cent in earnings terms but underperformed by 25 per cent in share-price terms, there appears to be ample room for growth.

## The best laid plans with mice and chancellors ...

## CITY DIARY

JOHN WILLCOCK



Bull fighter: Penn Kent, the Bank director sent in to clean up after Taurus and set up the Crest settlement system

We all knew about Ken Clarke's brown suede shoes, his pints and panettas. It was worrying, however, to see the guardian of the nation's finances struggling to launch Crest yesterday lunchtime.

To be sure, the "launch" of the automated share-settlement system was the merest of media stunts – the actual system had been switched on at four in the morning.

The Chancellor duly turned up at Crest's plush new offices overlooking St Katherine's Docks, with bankers and Treasury mandarins in tow. Even a beaming Sir Iain Vallance of BT was there [if BT's Synegra, part of Crest, crashes, then it's his fault].

All our Ken had to do was tap a computer mouse twice and the screen provided would then announce "the launch of Crest". Which he did once, but only photographers saw. The huge mob of grandees and staff were at the other end of the building, quaffing champagne.

So Ken decided to launch it again. But, as he confessed, "letting me loose with a mouse is always reckless".

A team of spin doctors leapt forward and reprogrammed the screen, but the Chancellor tapped the mouse to no avail. "Tap it twice. TWICE," squeaked a Treasury underling. And lo, it was launched.

The Crest system is really the baby of two men, Pen Kent, the Bank of England director sent in by the Government to clean up after the Taurus mess, and Ian Saville,

the ebullient chief executive of Crest, also from the Bank. They formed a "Mr Nice and Mr Nasty" duo, according to one senior banker, bludgeoning the vested interests which sank Taurus into submission.

Mr Saville started the Crest project with a husky moustache, but shaved it off two years ago. This was nothing to do with the project, a spokesman stressed, but on the instructions of his wife.

National Savings has snapped up Lloyd's former personnel director as its new chief executive. Peter Bureau, a violin-playing Old Etonian, has spent most of his career

with Lloyds Bank International, much of it half way up the Amazon. Boring high street bankers used to refer to such exotic creatures enviously as "the Orinoco boys".

Several years ago, Mr Bureau was called back, and became personnel director. The TSB merger swept this job away and although Mr Bureau has not yet had his leaving party, he has been open to offers for some time.

He's certainly less likely to catch malaria in National Savings's Kensington High Street head office.

So who is Claes Hultman, chief executive of Eurotherm, the electronic equipment manufacturer, who left in a huff when the non-execs wouldn't allow him to become chairman as well?

Now the institutions have almost put him back in the saddle, we can reveal that he is 49, Swedish, and spends one month a year on a small island he owns off the Swedish coast.

His most famous saying is: "Power isn't something you get, it's something you grab."

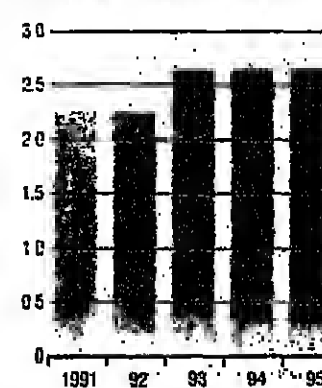
With a little help, from the Pru and MAM, it seems.

## P&amp;O: AT A GLANCE

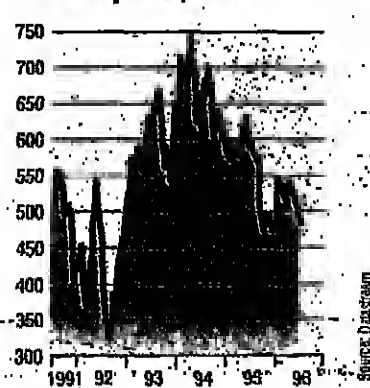
Market value: £2.98bn, share price 492p

Five-Year record	1991	1992	1993	1994	1995
Turnover (£m)	436	553	572	580	657
Pre-tax profits (£m)	204	209	257	341	332
Dividends per share (pence)	30.5	30.5	30.54	30.5	30.5

## Shareholders funds £bn



## Share price pence



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\*Cash will last less than one minute and are changed in 30p coin change rate. All profits will be donated to Heart of Britain Appeal. Entry closes 10th July 1996.



## BAT revamps financial services

NIC CICUTTI

BAT, the tobacco giant, yesterday announced that it was rationalising its UK financial services operations, including Allied Dunbar, Eagle Star and Threadneedle Asset Management, under a single umbrella company.

British American Financial Services (BAFS) will oversee the development of the three brands, which will aim to cater for different sections of the financial services market.

BAFS believes it can save about £50m a year by bringing some operations under common management, although it declined yesterday to say whether reductions in staff would follow.

At the same time, the company confirmed that it was still



Paul Manduca: 'A truly high-calibre team is in place'

looking to develop activities in new areas including healthcare and savings products, possibly by acquisition.

Threadneedle, the fund management arm of BAT, will be

gin to sell its own badged unit trust and other lump-sum investment products to savers. Its products will also be sold by Allied Dunbar's salesforce, whose unit trusts will be branded under the Threadneedle name.

Allied Dunbar will concentrate on advice to middle-market and professional customers, through its own direct salesforce and via the independent financial advice distribution channel.

By contrast, Eagle Star will develop what the company yesterday called a "direct assurance arm", a telephone-based range of general insurance, plus simple life and pensions products aimed at the mass market.

Its own unit trust operation, while continuing with the Eagle Star brand name, will also be managed by Threadneedle. The

company said that Eagle Star would be focused on "consumers who want to be in control of the buying process and want to satisfy their needs in quick and simple ways".

BAT's reorganisation follows a review of its entire financial services operation lasting several months.

Although Eagle Star has a high reputation outside the UK, and is a strong force in the UK general insurance market, some experts had suggested the company might lose the right to brand any life and pensions products.

Paul Manduca, chief executive at the fund manager, said: "Now we have a truly high-calibre team in place. We also aim to develop into a truly global investment house, managing money into all markets."

## IN BRIEF

• **Pentland Group** intends to reject Warner Group Inc's offer for its 23 per cent shareholding in Authentic Fitness Corp, the licensee for Pentland's Speedo brand in North America, Mexico and the Caribbean. The offer values the holding at \$110m (£64.5m), but this may fluctuate with the trading price of Warner shares. Pentland said. Stephen Rubin, chairman of Pentland, said: "We have no objection in principle to the acquisition of AFC by Warner ... [but] we believe the current offer does not recognise the future prospects for AFC and does not represent sufficient value for AFC's shareholders."

• **Life Numbers**, which specialises in the sale of personal telephone numbers, is seeking admission to the Alternative Investment Market. The company has raised £600,000 through a placing, handled by Corporate Synergy, which will enable it to recruit staff, fund a national advertising campaign and purchase new equipment. Separately, SCI Entertainment Group, a developer and publisher of interactive entertainment software, intends to seek admission to AIM later this month, by means of a placing by Peel Hunt & Co.

• **MEPC** has exchanged contracts to buy Caledonian Land for £29m cash. The purchase price reflects a property valuation of approximately £83m together with debt to be assumed by MEPC of £54m. Caledonian has a portfolio of 25 properties totalling 340,000 sq metres, the majority of which are industrial estates located in the area of Glasgow through to Edinburgh.

• **BOC Group** is making its first move into Russia's industrial gas industry. The company has signed a conditional agreement to acquire a controlling interest in the Volgograd Oxygen Factory, one of Russia's top three industrial gases companies, and the leading supplier to industry and hospitals in southern Russia.

	Turnover £	Pre-tax £	EPS	Dividend
APFA Healthcare (F)	11.8m (5.1m)	1.5m (0.8m)	1.5p (1.2p)	0.9p (0.9p)
Edies (I)	3.71m (0.25m)	1.85m (0.11m)	44.6p (4.16p)	nil (1-)
Ellis & Everard (F)	565m (5.1m)	25.6m (1.3m)	20p (8.9p)	9.2p (2.4p)
Shandwick (I) (I)	89.2m (79.2m)	3.6m (3.22m)	1.1p (0.7p)	0.43p (0.43p)

(F) - Final (I) - Interim (1) - Current figures 15 mths. comparatives 12 mths

## New Interest Rates For Capital Trust Investors.

RATES EFFECTIVE FROM 15TH JULY 1996			
CAPITAL TRUST 30 ACCOUNT - ANNUAL INTEREST			
Min. Investment	Gross*	Net†	
£100,000+	6.25%	5.00%	
£50,000	6.00%	4.80%	
£20,000	5.75%	4.60%	
£5,000	5.50%	4.40%	
CAPITAL TRUST 30 ACCOUNT - MONTHLY INTEREST			
Min. Investment	Gross*	Net†	
£100,000+	6.00%	6.17%	4.80%
£50,000	5.75%	5.90%	4.60%
£20,000	5.50%	5.64%	4.40%
£5,000	5.25%	5.38%	4.20%
CAPITAL TRUST ACCOUNT - ANNUAL INTEREST			
Min. Investment	Gross*	Net†	
£100,000+	5.40%	4.32%	
£50,000	5.10%	4.08%	
£20,000	4.85%	3.88%	
£10,000	4.70%	3.76%	
£2,000	4.60%	3.68%	
CAPITAL TRUST ACCOUNT - MONTHLY INTEREST			
Min. Investment	Gross*	Net†	
£100,000+	5.25%	5.38%	4.20%
£50,000	4.95%	5.06%	3.96%
£20,000	4.70%	4.80%	3.76%
£10,000	4.60%	4.70%	3.68%
£2,000	4.50%	4.59%	3.60%

For new account enquiries telephone 01538 392808

\*Without U.K. income tax deducted. †Annual return if monthly interest payments remain on the account. ‡Assuming rate of income tax applicable at 20%. Interest will be paid net of the rate of income tax applicable which may be reclaimed by non-taxpayers or gross. Figures are illustrative only and have been rounded to 2 decimal places. Rates may vary but are correct at time of going to press. Please refer to product literature for full terms and conditions.



Britannia Building Society P.O. Box 555 Leek Staffordshire ST15 5NL



# In praise of the portfolio investment revolution

It might seem a bad moment, with equity markets wobbling worldwide, to sing in praise of portfolio investment. But two recent studies of the financial services industry highlight the enormous importance that portfolio investment is taking on for the world economy in general and for Britain in particular. For we are in the middle of a revolution in the scale and significance of cross-border portfolio investment. It is a creeping revolution, which is why it attracts little attention; but it is a revolution none the less.

The two studies were last week's figures from British invisibles on the City of London's foreign earnings; and the annual survey of equity fund management, ranking the largest cities of the world, from the New York research group Technometrics. The City Table, as it is called, attracted some attention because it showed that net overseas earnings of the UK financial sector last year topped £200 for the first time. Of that, £7.2bn was portfolio investment income — there was another billion of direct investment income and the remaining £12.8bn was income from services. To put that £7.2bn figure in perspective, it is more than twice the size of the current account deficit last year of £2.9bn, and more than half the size of the shortfall on physical trade, £11.6bn. Or the deficit on government transactions of just under £1.2bn. So at the margin, the City's portfolio income is enormously important.

It has one further attraction aside from its size: it is regular. While the trade account swings from one extreme to the other, and the rest of the invisible trade account is also subject to fluctuations, the portfolio component is steadily climbing. It has



ECONOMIC VIEW  
HAMISH MCRAE

risen from a surplus of £2.3bn 10 years ago.

Now look at portfolio investment, not from a balance of payments point of view but from the point of view of the fund management industry, as shown in the Technometrics study. The obvious headline point here is that London now manages more than \$1,000bn (£643bn) of institutional equities, well ahead of New York, and second only to Tokyo on this measure. Thanks to the lack-lustre performance of Japanese share

fifth of the size of the US. The answer is partly that fund management is more widely spread in North America than it is here; there are a host of important other fund management centres in the US, Boston in particular, whereas here only Edinburgh reaches the list at number 14. But the main reason is that London is not just managing UK money invested in UK shares. New York is principally placing US funds into US equities; Tokyo, Japanese savings into Japanese shares; but London is running in-

manage Chinese shares from, say, Hong Kong even though the money comes from elsewhere), or whether management will move to where the savings are coming from (i.e. manage Chinese savings from Hong Kong even though the funds are placed elsewhere).

What we can see from this chart is a very concentrated industry — after the top five the graph slopes away pretty fast. This suggests that critical mass is an important factor in the comparative advantage of portfolio management centres. What we cannot see is whether portfolio management skills will become a relatively more important aspect of economic competition that they have been in the past. I think, however, they will for two broad reasons.

The first is that the process of globalisation of financial markets still has a lot of momentum behind it. There is no evidence at all of a decline in the appetite for cross-border investment, nor does it seem to arouse the nationalistic responses that some cross-border takeovers seem to generate. It suits companies. Multinationals are seeking to broaden their shareholder base, seeing this as a useful way of establishing a local lobby of support in the countries in which they operate. And it suits investors to broaden the base of their savings, rather than relying too heavily on any one national market. While there is concern about some aspects of the power of international markets — in particular that of the foreign exchange — there is less concern about attracting international funds.

The second is that the pool of global savings will rise very rapidly over the next 20 years. Ageing Western societies will have to save a larger proportion of their GNP to cushion

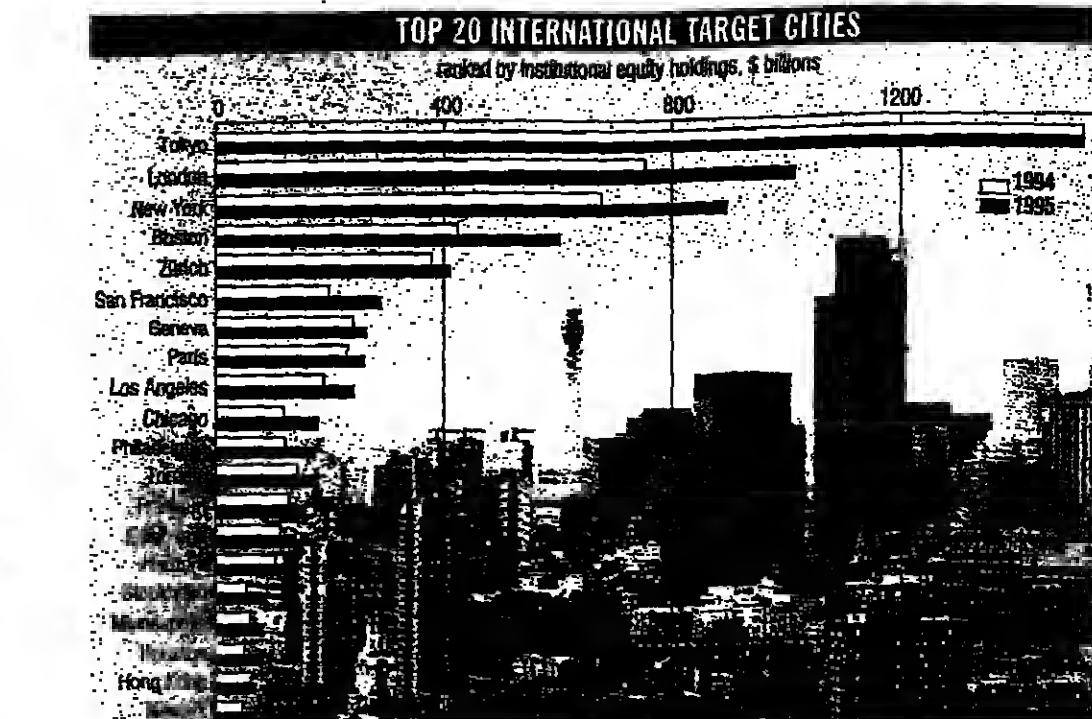
## 'Western societies must save more of their GNP to cushion pension costs'

prices last year, it significantly narrowed the gap with Tokyo: funds managed here rose by more than 30 per cent while in Tokyo there was no movement at all. But of course the scoreboard can be distorted by swings in currencies and markets, and all US fund management centres last year were flattened by the strong US share performance. A crash on Wall Street and a recovery in Japanese share prices would quickly push Tokyo's position up again vis-à-vis New York and possibly London.

The pecking order of cities raises a further point: why is London a major important portfolio management centre rather than New York? The domestic market here is less than one-

international portfolios for anyone with the funds.

Figures on this area are always hard to come by, and often harder to interpret. London is certainly the largest international equity management centre. We know that about 60-70 per cent of the world's cross-border equity trading takes place in London and it looks as though something like that proportion of cross-border fund management may also take place here. But we do not know much about the long-term trends of the business. We do not even know the answer to basic questions such as whether the trend will be to manage funds from the places where the investments are placed (i.e.



the cost of pensions for their older populations. Ageing will also affect what we think of as the newly industrialised countries, which already save a lot, as it has already affected Japan.

In theory this pool of savings could be redistributed by the banking system, but the last few years have demonstrated the limits of that. While banks will always have a place in the allocation of funds, it seems clear that markets will continue to play a greater relative role in allocation of savings for at least the next decade, maybe longer.

If managed this pool of savings will be a growing business, doing it well will be an economically important one.

At the moment we as individuals think of a well-managed pension fund as helping guarantee a good standard of living in retirement. Transfer that thought to an ageing country: a well-managed portfolio of investments will help guarantee a good standard of living for its future generations of retired people.

Since the war, investment income from abroad has for most countries been a tiny proportion of income

when set against current income from producing goods and services. It still is. That £7bn of portfolio income noted above is only about 1 per cent of our national income. But before the First World War the situation was quite different.

The UK received more than 10 per cent of its income from overseas investments. As savings mount, and as part of those savings are invested overseas, expect the proportion of earnings from this source to rise everywhere.

Wise portfolio management will matter more and more.

### Foreign Exchange Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US	1.5007	5.3	3.0	1000	—	—	—
Canada	2.2483	11.1	50.37	13700	2.1	2.1	0.0023
Germany	2.2544	4.1	4.1	13700	26.24	26.24	0.0001
France	7.7880	13.15	35.334	53400	73.48	217.07	3.3884
Italy	2.2861	48.63	142.18	10381	44.51	123.15	10.157
Japan	7.108	75.70	225.26	7632	45.44	136.13	72.857
ECU	1.2458	15.11	45.40	12448	7.8	23.25	0.5281
Belgium	48.504	52.7	32.28	21280	6.5	16.16	20.8006
Netherlands	9.0789	58.68	44.228	54244	86.65	270.220	3.6556
Sweden	2.4336	65.57	87.18	17049	107.18	122.0	1.220
Ireland	0.9734	7.3	20.14	15930	4.7	12.17	0.4134
Norway	1.081	20.50	30.00	15210	42.17	10.80	0.285
Spain	168.29	21.31	68.88	12288	23.27	64.72	84.2189
Switzerland	1.4446	0.4	1.4	1.7361	98.123	230.310	4.4383
Australia	1.4446	0.4	1.4	1.7361	98.123	230.310	4.4383
South Africa	0.9511	20.31	67.85	15458	19.21	54.58	0.8236
Hong Kong	12.000	0.41	234.70	27280	3.12	15.35	5.0988
Malaysia	3.9642	0.4	0.4	2.4820	4.14	60.80	1.8412
New Zealand	2.2869	43.57	83.56	14598	30.32	89.80	0.9806
Saudi Arabia	5.857	0.4	0.4	2.7305	2.7	9.14	2.4700
Singapore	2.896	0.4	0.4	1.485	41.30	133.88	0.5942

### Other Spot Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US	1.5007	5.3	3.0	1000	—	—	—
Canada	2.2483	11.1	50.37	13700	2.1	2.1	0.0023
Germany	2.2544	4.1	4.1	13700	26.24	26.24	0.0001
France	7.7880	13.15	35.334	53400	73.48	217.07	3.3884
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Forward rates quoted high to low are at a discount; subtract from spot rate; quoted low to high are at a premium; add to spot rate.  
\*Dollars quoted as cents.  
For the latest foreign exchange rates call 0691 129 0333.  
Call cost 50p per minute (cheap rate) 40p other times.

### Interest Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US	5.75%	5.75%	5.75%	1000	—	—	—
Germany	5.75%	5.75%	5.75%	1000	—	—	—
France	5.75%	5.75%	5.75%	1000	—	—	—
Italy	5.75%	5.75%	5.75%	1000	—	—	—
Japan	5.75%	5.75%	5.75%	1000	—	—	—
ECU	5.75%	5.75%	5.75%	1000	—	—	—
Belgium	5.75%	5.75%	5.75%	1000	—	—	—
Netherlands	5.75%	5.75%	5.75%	1000	—	—	—
Sweden	5.75%	5.75%	5.75%	1000	—	—	—
Ireland	5.75%	5.75%	5.75%	1000	—	—	—
Norway	5.75%	5.75%	5.75%	1000	—	—	—
Spain	5.75%	5.75%	5.75%	1000	—	—	—
Switzerland	5.75%	5.75%	5.75%	1000	—	—	—
Australia	5.75%	5.75%	5.75%	1000	—	—	—
South Africa	5.75%	5.75%	5.75%	1000	—	—	—
Hong Kong	5.75%	5.75%	5.75%	1000	—	—	—
Malaysia	5.75%	5.75%	5.75%	1000	—	—	—
New Zealand	5.75%	5.75%	5.75%	1000	—	—	—
Saudi Arabia	5.75%	5.75%	5.75%	1000	—	—	—
Singapore	5.75%	5.75%	5.75%	1000	—	—	—

### Bond Yields

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US	5.75%	5.75%	5.75%	1000	—	—	—
Germany	5.75%	5.75%	5.75%	1000	—	—	—
France	5.75%	5.75%	5.75%	1000	—	—	—
Italy	5.75%	5.75%	5.75%	1000	—	—	—
Japan	5.75%	5.75%	5.75%	1000	—	—	—
ECU	5.75%	5.75%	5.75%	1000	—	—	—
Belgium	5.75%	5.75%	5.75%	1000	—	—	—
Netherlands	5.75%	5.75%	5.75%	1000	—	—	—
Sweden	5.75%	5.75%	5.75%	1000	—	—	—
Ireland	5.75%	5.75%	5.75%	1000	—	—	—
Norway	5.75%	5.75%	5.75%	1000	—	—	—
Spain	5.75%	5.75%	5.75%	1000	—	—	—
Switzerland	5.75%	5.75%	5.75%	1000	—	—	—
Australia	5.75%	5.75%	5.75%	1000	—	—	—
South Africa	5.75%	5.75%	5.75%	1000	—	—	—
Hong Kong	5.75%	5.75%	5.75%	1000	—	—	—
Malaysia	5.75%	5.75%	5.75%	1000	—	—	—
New Zealand	5.75%	5.75%	5.75%	1000	—	—	—
Saudi Arabia	5.75%	5.75%	5.75%	1000	—	—	—
Singapore	5.75%	5.75%	5.75%	1000	—	—	—

### Money Market Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US	5.75%	5.75%	5.75%	1000	—	—	—
Germany	5.75%	5.75%	5.75%	1000	—	—	—
France	5.75%	5.75%	5.75%	1000	—	—	—
Italy	5.75%	5.75%	5.75%	1000	—	—	—
Japan	5.75%	5.75%	5.75%	1000	—	—	—
ECU	5.75%	5.75%	5.75%	1000	—	—	—
Belgium	5.75%	5.75%	5.75%	1000	—	—	—
Netherlands	5.75%	5.75%	5.75%	1000	—	—	—
Sweden	5.75%	5.75%	5.75%	1000	—	—	—
Ireland	5.75%	5.75%	5.75%	1000	—	—	—
Norway	5.75%	5.75%	5.75%	1000	—	—	—
Spain	5.75%	5.75%	5.75%	1000	—	—	—
Switzerland	5.75%	5.75%	5.75%	1000	—	—	—
Australia	5.75%	5.75%	5.75%	1000	—	—	—
South Africa	5.75%	5.75%	5.75%	1000	—	—	—
Hong Kong	5.75%	5.75%	5.75%	1000	—	—	—
Malaysia	5.75%	5.75%	5.75%	1000	—	—	—
New Zealand	5.75%	5.75%	5.75%	1000	—	—	—
Saudi Arabia	5.75%	5.75%	5.75%	1000	—	—	—
Singapore	5.75%	5.75%	5.75%	1000	—	—	—

### Tourist Rates

£ Buys		£ Buys		£ Buys	
Australia(Dollars)	19575	France(Francs)	7243	New Zealand(Dollars)	1000
Austria(Schillings)	35300	Germany(Mark)	25550	Portugal(Pescas)	1000
Belgium(Francs)	42200	Greece(Drachmas)	383500	Spain(Pesetas)	1000
Canada(Dollars)	20700	Hong Kong(Dollars)	17300	Sweden(Swedish Kronor)	1000
Cyprus(Pounds)	07045	Ireland(Pounds)	05450	Switzerland(Swiss Francs)	1000
Denmark(Krone)	58750	Italy(Lira)	2358000	Switzerland(Swiss Francs)	1000
Holland(Guilders)	25800	Japan(Yen)	1682500	Turkey(Lira)	1000
Finland(Marks)	7800	Mexico(Peso)	05450		

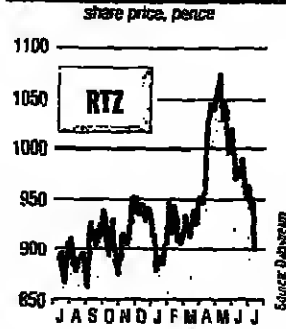


## market report/shares

## DATA BANK

FT-SE 100  
3698.3 -30.0  
FT-SE 250  
4291.6 -24.9  
FT-SE 350  
1860.0 -14.2  
SEAQ VOLUME  
667.2m shares,  
30,821 bargains  
Gifts Index  
92.83 +0.22

## SHARE SPOTLIGHT



## National Power tries to unplug Footsie with 145p dive

## TAKING STOCK

National Power made a determined bid to unplug Footsie with its shares off a staggering 145p at 389p.

There was nothing untoward at the UK's biggest generator. It had merely picked yet another of those days when the stock market was willing to reward its own shareholders.

NP's dividend has a gross valuation of 147p and a net worth of 117p. The payment, including a special dividend of 100p a share, had been known about for weeks and it was surprising the market was not prepared to factor it into its calculations much nearer the date of declaration rather than wait until the shares went ex-dividend.

No less than 10.2 points were wiped from the FT-SE 100 index by the NP payment. It could, therefore, be argued that NP was responsible for the poor start made by Footsie which, allowing for dividend

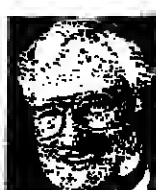
payments, was in positive territory until a weak New York display had an unexpectedly crushing impact.

Footsie ended the session 30 points down at 3,698.3 with, at least for the time being, hopes of lower interest rates tossed aside.

It was another unhealthy session for hard-pressed British Biotech. Its shares gave up all pretence of holding above the crucial 2,050p rights price, ending 18p down at 2,040p. In response the nil-paid rights collapsed from 18p to just 2p; they were 403p a few weeks ago.

The £143.4m cash call closes tomorrow and there is clearly a very real possibility the underwriters, led by Kleinwort Benson, will for once be forced to earn their rich commissions and take up a large proportion of the shares.

Some have blamed the Bribio rights for much of the disarray in the biotech sector.



## MARKET REPORT

## DEREK PAIN

Stock market reporter of the year

There have been suggestions of cannibalisation as shares have been sold to provide funds for the Bribio issue.

RTZ, the resources giant, had another difficult session as another profit downgrade appeared in the wake of the Summito fiasco. A cut by James Capel left the shares floundering at 900p, off another 16p. Capel has cut from £960m to £840m and from £160 to £900m. Six weeks ago the shares were 1,074p.

Hanson remained depressed, down to 167p, and RTA suffered another humiliating slide, off 5.5p at 235.7p, another 12-month low. Tomkins, too, fell victim to the con-

glomerate discontent, losing its recent strength to fall 9p to 254p.

British Energy, already dubbed a privatisation too far, suffered its own form of meltdown. The partly-paid shares managed a modest 3p premium in early trading but collapsed under the weight of Sid selling, ending at 94p after touching 92.5p.

According to Seaq a staggering 163.6 million shares were traded, around a quarter of the market's volume.

It seemed many institutions, allegedly underweight, decided to hold back and let the sheer power of private investor selling turn the Gov-

ernment's last privatisation into the disaster many had for long predicted.

Eurotherm rallied 13p to 547p on chatter departing chief executive Clive Hultman could retain an important role.

Tesco was again haunted by the possibility of a French strike. It now seems as inevitable as a wonky supermarket trolley that it will be tempted into a £2.5bn bid for Docks de France, the beleaguered French supermarket chain. Any such excursion will force Tesco into a hefty cash call.

P&O rose 9p to 492p, apparently reflecting satisfaction with the institutional view chairman Lord Sterling should bid a sad farewell and reports of more relaxation on its ferry operations.

Ahead of today's expected Civil Aviation Authority pricing package BAA, the airports

group, fell 7p to 478p. Viewlin, the interactive TV group, had a difficult session, falling a further 100p to 335p although there were indications of director-buying at 340p. Tinstall's profit warning removed a further 32p to 278p and Cardcash's admission it had yet to sign a deal with Credit Mutual, the French group, lowered the shares 7p to 73p. Eldos, the video technology group, slumped 63p to 683p on a near-£2m loss.

Fayrewood, an audio equipment group, made an upbeat AIM debut, reaching 43p from a 36p placing.

Goldsborough, the health-care group growing increasing confidence of throwing off the hostile £76m bid from Westminster Healthcare, which closes today, fell 14p to 148p with Westminster off 14p at 295p. First Choice, the holiday group, tumbled a further 10p to 54p.

It's the American love-in with JD Wetherspoon, the highly-rated pubs chain, coming to an end? A US investment group has been an avid Wetherspoon follower, helping to drive the shares to a peak of 1,053p. But in recent weeks there has been talk of US disenchantment and although there is no evidence of US selling the shares have fallen; they lost a further 51p to 895p.

Medeva, bumping along at 238p, should lift profits to £103.5m this year from £79m, say Société Générale Strauss Turnbull.

Analysts Paul Diggle and Alison Coates are impressed by the acquisition of the US Rochester group. They are looking for profits to move further ahead to £134m next year and regard the shares a buy.

## Alcoholic Beverages

Stock	Price	Chg	%	Vol
Guinness	100.00	0.00	0.0	100
Heineken	100.00	0.00	0.0	100
Stout	100.00	0.00	0.0	100

## Banks, Merchant

Stock	Price	Chg	%	Vol
Barclays	100.00	0.00	0.0	100
HSBC	100.00	0.00	0.0	100
Midland	100.00	0.00	0.0	100

## Banks, Retail

Stock	Price	Chg	%	Vol
Bank of Scotland	100.00	0.00	0.0	100
Bank of Ireland	100.00	0.00	0.0	100
Bank of London	100.00	0.00	0.0	100

## Engineering Vehicles

Stock	Price	Chg	%	Vol
BAE Systems	100.00	0.00	0.0	100
BAE Systems	100.00	0.00	0.0	100
BAE Systems	100.00	0.00	0.0	100

## Diversified Industrials

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Breweries, Pubs &amp; Rest

Stock	Price	Chg	%	Vol
Beck's	100.00	0.00	0.0	100
Beck's	100.00	0.00	0.0	100
Beck's	100.00	0.00	0.0	100

## Electricity

Stock	Price	Chg	%	Vol
British Energy	100.00	0.00	0.0	100
British Energy	100.00	0.00	0.0	100
British Energy	100.00	0.00	0.0	100

## Building/Construction

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Electronics

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Food Manufacturers

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Gas Distribution

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Health Care

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Household Goods

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Insurance

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Chemicals

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Distributors

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Alcoholic Beverages

Stock	Price	Chg	%	Vol
Guinness	100.00	0.00	0.0	100
Heineken	100.00	0.00	0.0	100
Stout	100.00	0.00	0.0	100

## Banks, Merchant

Stock	Price	Chg	%	Vol
Barclays	100.00	0.00	0.0	100
HSBC	100.00	0.00	0.0	100
Midland	100.00	0.00	0.0	100

## Banks, Retail

Stock	Price	Chg	%	Vol
Bank of Scotland	100.00	0.00	0.0	100
Bank of Ireland	100.00	0.00	0.0	100
Bank of London	100.00	0.00	0.0	100

## Engineering Vehicles

Stock	Price	Chg	%	Vol
BAE Systems	100.00	0.00	0.0	100
BAE Systems	100.00	0.00	0.0	100
BAE Systems	100.00	0.00	0.0	100

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## Electronics

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British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Food Manufacturers

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Gas Distribution

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Health Care

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Household Goods

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100

## Insurance

Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
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Stock	Price	Chg	%	Vol
British Airways	100.00	0.00	0.0	100
British Airways	100.00	0.00	0.0	100
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Stock	Price	Chg	%	Vol
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British Airways	100.00	0.00	0.0	







## sport

THE OPEN: South African legend back at scene of controversial victory. Tim Glover reports

## The paradox that is Gary Player

When Gary Player won the Open Championship at Royal Lytham in 1974 he did so by a handsome margin but amid ugly rumours. That's the thing about Player. No shades of grey, just black or white. Either he is the greatest golfer and one of the finest sportsmen to emerge from South Africa or he's a diminutive, holier than thou, self-opinionated pain in the neck.

"There's only one thing I don't like about my job," Player once said. "In golf there is tremendous jealousy. I find that just unbelievable. I heard a pro say 'If Arnold Palmer died I wouldn't spit on his grave'." As one of the Big Three, along with Palmer and Jack Nicklaus, Player has not escaped the sniping. The allegation of Lytham '74 is that the ball he played at the penultimate hole in the final round was not the one he had hit into the rough.

"There are certain things that are possible and certain things that are impossible," Player said. "First of all they had the TV cameras on during the whole incident. For anybody to say that Rabbit (his caddy Rabbit Dyer) dropped a ball is dreaming. I would put my life on the fact that he wouldn't do something like that. It's impossible. The grass was so thick." Player was six strokes ahead. In his book *To Be The Best*, he said: "As we walked towards the green I wondered whether we would ever find the ball. The first thing I did was to ask an official to put the watch on me to observe the five-minute rule. I was in full view of the cameras. Imagine winning the Open and then somebody claiming I'd gone seven seconds over my allotted time. It is a unique aspect of golf that anybody anywhere who spots a rules infringement during play can report it and have official action taken. It was a frantic search in which I even got down on my hands and knees looking for the ball. I asked everybody around me to join in the hunt but it still seemed like a hopeless task. There was barely a minute of time left when a marshal found the ball."

Player escaped with a bogey five. There are stories, surely apocryphal, that his original ball was subsequently found in the rough and that it is now sitting in a safe. At the final hole he hit his approach through the green and his ball finished against the wall of the clubhouse. It was decided the building was an integral part of the course and he was not entitled to a free drop. He played left-handed with the back of his putter, put the ball 10 feet short of the hole, took two putts and won by four strokes.



Gary Player (left) searches for his ball near the 17th green at Royal Lytham before taking the title in 1974

Photograph: Peter Dazeley

It was his third and last victory in the Open although his outstanding career was still dogged by controversy. In a skins game in Arizona in 1983 Tom Watson accused him of cheating by moving a growing leaf from behind his ball. "I was staggered," Player wrote later. "Breaking the rules is, after all, the most heinous charge to be laid against any golfer. When it is aimed at a champion the repercussions can be monumental. It was a truly sorry affair in which the accusation was not made until I had left the course and the game was over. The correct procedure would have been to raise the matter at the time. I was astonished that Tom did not adopt the correct procedure. I think what he did to me that day will haunt him for the rest of his life."

Whether taking on Player on the course or off it you had better be prepared for an almighty scrap. The South African pointed out that Watson had won two majors, the Masters and the Open in 1977, using clubs that did not con-

form. "I would hate to have won major championships knowing I had used illegally grooved clubs," Player said. He now describes his relationship with Watson as "very polite".

What was never in doubt was Player's fierce competitiveness. "His accomplish-

'Breaking the rules is the most heinous charge. I think what Tom Watson did to me that day will haunt him for the rest of his life'

ments in golf and life rival the achievements of any person who has ever played the game," Palmer said. "The obstacles that he overcame in the formative years of his career are what made his great success so remarkable and admirable." Player was born in Johannesburg in 1935, the son of a gold miner. His mother died when he was eight. He began his pro-career by giving

lessons at a dollar a time on a driving range. "I had to give my boss 50 cents and I kept 50. That's how I saved money to go overseas."

Player was a pocket-sized pioneer who was fortified by his belief in God. A fitness fanatic, he also worshipped the

gymnasium. The Little Big Man in black became the first foreign-born winner of the Masters, the first non-American to top the money list on the US Tour: the first and only player to win the Open in three different decades and one of only four men to achieve the Grand Slam. And he did it against the odds. Flying from South Africa would mean a 90-hour round trip.

And he muscled in on the Big Two, Palmer and Nicklaus, to make it the Big Three, winning nine majors and more than 150 events throughout the world. And sometimes he did it with the protection of armed police as civil rights activists in America made him a target for anti-apartheid protests. On the subject of apartheid, Player has seen the light. "I went on record in 1965 avowing, 'I am of the South Africa of Verwoerd and apartheid'. My views began to change, particularly as I travelled around the world. The injustice was so obvious and the implications quite chilling. I am now quite convinced that I have played a significant role in trying to eradicate apartheid. It was a terrible system."

If there is one man who is compared to Player as the next great white hunter from South Africa it is Ernie Els. But while Player is a clean liver (no drinking, no smoking) with the cleanest of livers, Els likes nothing better than to share a few beers with his caddy.

Where it is valid to mention Player and Els in the same breath is in wondering whether the tall one can win as many majors. "Like Gary says, can we compare waffles?" Els said. "In a way it's nice but I don't want to hear it. We're totally different people with totally different attitudes. Gary always had to work his way around and fight it out. I try to enjoy the game at least. I've been lucky. I think our generation is going to be OK. All the doors are open now."

At the age of 60, Player, who made another fortune on the US Seniors Tour and who has developed extensive business interests, is back at Royal Lytham. In 1974 he generally used a one-iron off the tee. Now he will probably use a Black Knight titanium driver which is made by one of his companies. Despite the self-discipline and the punishing daily routine of exercises, the long player has set himself a deadline. He will play his last tournament in the Open at St Andrews in the year 2000.

## Italians lose patience with Ferrari

Motor racing  
DERICK ALLSOP

Seventeen years of hurt and still no sign of an end to it all. Indeed, these past few weeks have plunged motor racing's most famous, fabled and revered team, Michael Schumacher and all to new depths of despair.

Schumacher's magnificent win in the rain in Spain might as well be 17 years ago. Ferrari's next drivers' title looks no nearer. Their catastrophe count extended to three consecutive races in Sunday's British Grand Prix. Schumacher and Eddie Irvine mustering eight laps between them before both cars retired. Next stop Germany, Schumacher's home race, and even for Ferrari the pressure can rarely have been more intense.

Before the garage shutters came down on their latest embarrassment, all Italy was waiting its outrage. Italian television did not bother showing the podium ceremony at Silverstone, preferring to open an inquiry into the shambles.

The Italian press was scathing. "Poor Ferrari, red only from shame," the Rome newspaper *Il Messaggero* said in a front page headline. "This mythical car, which has made motor racing history, seems to have become a circus car, exploding in the hands of clowns." Italy's largest selling sports daily, *La Gazzetta dello Sport*, said:

"Every time Ferrari goes up in smoke, every banal error that leaves you speechless, means that a piece of Italy, which we were once proud of, dies," it added.

*La Stampa*, owned by the Agnelli family who control Ferrari, told its readers: "The trouble for Ferrari is that the public are fed up with waiting. The last world championship of Jody Scheckter in 1979 is a fading memory."

Many have called for the head of Jean Todt, the team director, and he says he would have to accept any decision to remove him, just as he accepts the criticism. "National passion in Italy is very strong," the Frenchman said. "Being in charge of the team I have been criticised and I have to answer my responsibility."

The more pragmatic suggestion Ferrari have no one better to replace Todt, but then pragmatism has never been Maranello's strongest suit. Emotional forces can inspire, yet too often undermine.

The boss of another team looked on in amusement at Silverstone as Ferrari's president, Luca di Montezemolo, ushered the patriarch of the Fiat

empire, Gianni Agnelli, around the pits, pursued by hordes of photographers and camera crews.

"Look at it. Crazy," the neighbouring boss said. "It puts too much pressure on everyone in the team and now they cannot work as they should. I'm pleased to see it. It helps us."

A member of the Ferrari team commented some hours after the French Grand Prix, where they managed five laps, and Williams finished the race first and second: "You see us, we are still packing our trucks and yet Williams have everything away. They're organised. We're not."

It is a generally held belief that Ferrari have funds way in excess of other teams but that, through mismanagement and a lack of organisation, they squander a potential advantage. Todt rejects that claim.

He said: "It makes me angry when I hear Ferrari has the biggest budget. It is completely wrong. Unlike the other teams, we built our own engine. If you calculate the investment put in by other engine manufacturers and their teams you would see it differently."

Anyway, money cannot buy everything straight away. We have improved and it takes time. People expect too much too quickly, and that brings the biggest pressure. The mistakes are ours, the responsibility ours. We have to explain failures and say more than I would prefer, but that is part of being Ferrari. What I do say is we have to be more positive."

Ferrari have explained the series of component failures yet cannot explain why the apparent reliability recorded in testing has not, of late, been repeated in the races.

Schumacher has constrained his feelings and continued to convey the message that the team will get there in the end. He has already hinted he is prepared to commit himself beyond his two-year contract and perhaps finish his career at Ferrari.

He has a get-out clause in his agreement, which he could exercise at the end of this season, but where could he go? Williams could not afford his \$25m (£16.5m) a year asking price the last time they talked. He left Benetton for a new challenge, as well as that enormous salary, and McLaren still do not look an attractive enough proposition.

Speculation that Hill might change teams was, of course, part of the spiralling frenzy at the British Grand Prix. However his boss, Frank Williams, said he expected to start negotiations aimed at agreeing a new contract with Hill for next year.

**ENTRY FORM**

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Heart of Britain™ supporting Royal Brompton Hospital - the UK's specialist centre for heart and lung disease.

**HAVE A HEART - SEND A PICTURE**

The Heart of Britain Book, on sale in October 1996, will feature the 300 best photographs sent in by people like you. Just take your pictures and send the best to us.

Sporty or lazy, upbeat or quaint - it's up to you. There are nine sections in the book. Match one to each of your chosen pictures:

**Photographic Competition Entry Form**

I would like to enter:

☐ 3 photographs for the Heart of Britain Competition and enclose £2

☐ 10 photographs for the Heart of Britain Competition and enclose £5

I agree to the terms and conditions detailed below:

Name \_\_\_\_\_ Age \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_

Signed \_\_\_\_\_ Date \_\_\_\_\_

**TERMS AND CONDITIONS**

1. Send completed entry form, photographs and a cheque or postal order payable to Heart of Britain to: HEART OF BRITAIN, DEPT. HEART OF BRITAIN, PO BOX 388, TRING, HERTS HP23 6BA. 2. Only black & white or colour print (max size 8 1/2" x 11") will be accepted. 3. Your name & address, the title of the photograph and preferred book chapter should be attached to the back of each photograph. 4. Copyright in all photographs submitted is assigned to Royal Brompton Hospital. 5. Photographs can not be returned. 6. Judging dates for applications is 21 July 1996. 7. Judging decisions are final. No correspondence will be entered into. 8. If your photograph is selected for inclusion in the book, you will be contacted by 31 August 1996. 9. Receipt of postage is not receipt of delivery. 10. Damaged, cancelled or illegible entries will be disqualified. 11. We reserve the right to alter photographs and their titles. 12. All winners will be dispatched within 28 days.

**SO GET OUT THERE AND SNAP THE WINNER!**

## Enjoy makes most of ideal conditions

Sailing

STUART ALEXANDER  
reports from Cork

For some, there was a little too much bounty for the opening of Cork Week as David Rowley's Sigma 33 was dismantled and John Crotty's One Design, the 1720, was badly holed in a collision with a Melges 24. But for most of the record 485 craft the conditions were ideal.

Sensibly, both the Sigma 33s and 38s have attached their UK national championships to the biggest gathering in the British Isles outside Cowes Week. The 38s stayed ashore yesterday following an all night race, so all eyes were on their smaller brethren as Scotland's Ian Nicholson added a win in the second race to the third place he scored on Sunday. A sixth place by the Clyde-based Nicholson in the second race of the day kept him the lead overnight.

The 73-boat fleet of 33s brings together a mixed bag of talent, some of which found the choppy conditions and 15 to 16 knot easterly a bit of a handful. After a sluggish start in which Paddy O'Brien's Sorcery, an 82-footer of some 13 years, had to push her way through a melee of smaller boats, she settled into a long stride and powered her way round a 31-mile course.

Crossing the line first, however, was not enough for Sorcery to save time on handicap. Instead the prize went to Barney Isherwood and David Taylor in the J120 Enjoy. The Belfast Lough pair had almost half an hour when times were corrected over the second-placed Roy Dickson's Cracklin' Rosie. The next three places all went to Bashford-Howison 41s: Jocelyn Waller's Silk 2; Nigel Bramwell's Hawk; and Colm Barrington's Surfin' Shoes.

## Something went twang and I was out of control



DAMON HILL

First of all I want to thank all the fans who gave me such tremendous support and encouragement over the weekend. I wanted to win for them and when I achieved pole position I was hoping so much that I might be on the podium. I was as surprised as anyone when something went wrong with the front wheel and sent me spinning into the gravel and out of the British Grand Prix.

The weekend was going so well. The fans were great and one of my personal heroes, Nick Faldo, popped by to say hello on the Friday before the race. The Lads at Leuker, Tony Blair, and his family also visited on Sunday morning and while I gave him a quick spin around the circuit he jokingly kept asking me to turn left! We were also visited by Will Carling and the world superbike champion Carl Fogarty. It's great for everyone on the team when other sporting people visit us on circuit.

A bad start put me in fifth place at the beginning of the race. The first few seconds of the race had actually been fine as I made a good getaway. Then the engine bogged down and I gave it too many revs, which resulted in too much wheelspin. My world seemed to stand still as I was immediately engulfed by cars on both sides and dropped to fifth place. But all was not lost. I had enough fuel on board to switch to a one-stop strategy, which would be more suitable, particularly as I was now stuck behind Mika Hakkinen's McLaren and my team-mate, Jacques Villeneuve, was streaking into the lead.

With Jacques being my closest championship challenger I was more interested in my progress relative to him. I could get close to the McLaren at a couple of corners, but not close enough on the straights. There was one opportunity to get by when a back-marker came into the equation, but Mika had covered every possibility. All he had to do was stay on line in order to make it impossible for me to get through. It became clear that the pit stops would present my best chance of moving ahead,

particularly as Hakkinen was due to stop twice.

Looking back on it now, I could easily have beaten Hakkinen and the Benetons through my one-stop tactic, but I would have needed a bit of good fortune in order to get ahead of Jacques. It would have been interesting, none the less, because once I had a clear road I would have put the hammer down and really pushed hard. At least the crowd would have had something to get excited about.

Even if I had made the best start of my career, and led the race, I would not have reached the finish. About four laps before I actually had the failure, the car felt strange. I monitored the situation more closely and the car continued to feel odd. I got on the radio and said there is something wrong; the reply was that they would take a look when I made my pit stop, which was due in a couple of laps. Less than half a lap later, I was left in absolutely no doubt that I was in trouble.

I reached the end of the pit straight and, as soon as I touched the brakes for Copse Corner, the car suddenly snapped into a spin. My immediate impression was that something went twang at the front of the car and I was instantly out of control. In actual fact, the team later discovered

that the left front wheel nut had come slightly adrift. The wheel had stayed in place because of the safety locking mechanism on the Williams but, eventually, the strain was too much and the wheel locking pegs finally sheared as I braked. Effectively, I had braking on just the right front wheel and that accounted for the sudden spin. The only good thing to be said was that it happened at Copse where there is a good run-off area, which allowed me to come to a halt without hitting anything. I was quite lucky in that respect.

The support from the crowd had been fantastic all weekend and they continued to cheer me as I walked back to the pits. Naturally I was extremely disappointed when I got out of the car but was relieved to be OK because the car came off the track very fast. The disappointment of not winning descended swiftly.

My only wish was that misfortune could have chosen to strike at a race other than the British Grand Prix. But, wherever the race may be, it is always very hard on the team and last weekend was no exception when it came to the tremendous amount of effort put in by every single member of Williams-Renault.

The good news was that Jacques won the race, but he now poses a threat in the championship. With Jacques taking his cause by another 10 points on a day when I scored none at all, the championship is much more open. The gap between us has been reduced from 29 points to 15.

The way things look at the moment, it's going to be either me or Jacques winning races between now and the end of the season. The points position can swing enormously during the remaining six races, starting in Germany on Sunday week. Although I'm confident that I can continue to win races, last Sunday made me appreciate once more that chance will play its part.

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# sport

Blackburn Rovers could be about to show Alan Shearer that they mean business in the Pre-

Romario is to return to Spain after completing £5m deal with Valeocia. The 30-year-old Brazilian World Cup striker left Barcelona last year complaining of homesickness to play for Flamengo, but was unhappy about sharing the limelight at the Rio club with fellow international striker Bebeto.



been reintroduced to stiffer sinews on an otherwise hopeless last afternoon. But cricket is far too precious to these players for any such capitulations.

or three fielders were within slogging distance of the bat, but Suzanne Redfern and Clare Taylor survived heroically. The scorecard shows yet another draw, but this had been an enthralling, hard-fought and positive end to the series.

"It's what his masters want and it's on co-incidence that it is Sky television trying to destroy the historic Five Nations' series by isolating England. Nobody should forget that the contracts which bind the Rugby Football League and the Rugby Football Union are with the same News Limited organisation, and for similar durations. Mr Lindsay has both sports primed for a merger that nobody wants."

Arthursoo stood down recently as executive chairman of the ARL, but it is clear that taking a less active role will not end his war of words with Lindsay.

Chris Gorringe, Wimbledon's chief executive, said yesterday that "it is not out of the question" for Britain's Davis Cup tie with Egypt to be played on the No 1 court at Wimbledon in September.

Britain must beat Egypt to gain promotion to the Euro-African Zone Group One, and David Lloyd, the Davis Cup captain, and Tim Henman are keen to hold the match at the All England Club.

No 1 court is about to be demolished to make way for a new

## SPORT-BY-SPORT

Warwick	0891 525 385
Worce	0891 525 386
Worshire	0891 525 387

3-40-1; White 7-0-42-0; Hartley 8-1-62-0;  
 Kemp 11-1-46-2; Bowen 10-1-51-0.  
**BRICKSHIRE**  
 Bough c Symonds b Lewis.....20  
 D Mason c Symonds b Lewis.....11

**NEW ZEALAND** - First innings 274, 2nd 57.  
(over 4-37).

**Postcutter Cup Semi-final**

King George VI and Queen Elizabeth Stakes at Ascot on Saturday week. Maurcen Haggas, wife of the colt's trainer, William said yes.

12-1 Halling, Farasan & Oscar Schindler, 16-1 Singspiel, 20-1 Glory Of Dancer & Luso, 25-1 bar.

## GUIDE

### No. 8: Wrestling

a good draw he could make it quite far in the competition". Bruce Baumgartner (the

The Russians have a very strong overall team and in Alexander Karelin — twice Olympic champion is the under 130kg Greco-Roman category — is probably the best all-round wrestler in the world today. If he retains his title, he

**GREAT BRITAIN** Under 130kg freestyle:  
**A Singh**

**Tom Chesshyre**  
**oised for**  
**nd debut**

## No 9: Beach volleyball

Britain will be represented this summer by the pairing of Audrey Cooper and Amanda Glover in the women's event. They will be one of 18 teams from 13 countries taking part and will be ranked 12th.

The Brazilians are currently ranked No 1 in the world, and will be sending two teams to compete in the women's event, while the Americans will be represented by three women's teams. These five will share the position of favourites.

**BRITISH TEAMS: A COOPER AND A GLOVER**

**Nick Harris**

D Byers c Lewis b Boder	3
W White c Williams b Ayers	8
R J Bailey c Lewis b Alleyne	18
I M. . . . .	26

E W Steamco v Bal b Ayle... 2  
O Stump v W Gams & Lewis... 2  
James J1, B5, w6... 4-1  
Total (48.3 ovens) 208  
1-21, 2-24, 3-35, 4-42, 5-23, 6-24,  
7-17, 8-18B, 9-20C.  
Swafford: Lewis 1-1, 2-4, 3-28, 4-1-29-2;  
Lewins 9-0-11-1; Bal 9-0-23-9; Ayle  
0-47-3; Symonds 2-0-8-0  
Empress J O Bond and A Caylor.

**Women's Test**  
**Day 4 of 4**  
**SUNDAY: Match drawn.**  
E W ZEALAND - First innings 362 for 5 dec  
Rovers 97. S Purl 50, Dicksby 65, E  
Perry 62.  
ZEALAND - First innings 274, S Purl 57,  
Perry 43H.  
E W ZEALAND - Second Innings 219 for 4

7.30: 1. DOUBLE BLUFF (Martin Dwyer)  
7-1: 2. Special Dawn 4-1; 3. Rokeby Bowl  
11-1. 7 ran. 11-8 fav Freedom Flame (4th).  
2. 24s. (1 Baking). Tot: 56.80; £2.20, £2.80.

**WOLVERHAMPTON**  
**6.45:** 1. DAYVILLE (7 Sprales) 5-2 fav.; 2. Sufstalling 3-1; 3. The Wyndesole Inn 9-1; 2 n.h. n.h. (R.Chaston). Times: £2.60; £1.20, £1.90, £2.20. DF: £3.90, CSF: £10.00.  
**7.15:** 1. LOS ALAMOS (Dean McKenney) 5-5 fav.; 2. Redios 3-1; 3. Sister Kirk 8-1; 5 n.h. n.h. (C.Thornton). Times: £1.70; £1.30, £1.80, DF: £1.60, CSF: £3.70.  
**8.45:** Shaamit, the Derby winner, is still on course for a crack at the King George VI and Queen Elizabeth Stakes at Ascot on Saturday week. Maurine Haggas, wife of the horse's trainer William, said yes-

terpart in that each team has just two players.

The court size is the same as for indoor volleyball (nine metres x nine metres on each side of the net), as is the height of the net (2.24m). The first team to score 15 points wins the match, and the teams change ends every five points. There is only one game per match in the Olympics.

In tactical terms, the players need to be expert all-rounders to cope with the demands of each having to

## GUIDE

### No 9: Beach volleyball

Britain will be represented this summer by the pairing of Audrey Cooper and Amanda Glover in the women's event. They will be one of 18 teams from 13 countries taking part and will be ranked 12th.

The Brazilians are currently ranked No 1 in the world, and will be sending two teams to compete in the women's event, while the Americans will be represented by three women's teams. These five will share the position of favourites.

**BRITISH TEAMS: A COOPER AND A GLOVER**

**Nick Harris**



## SPORT

summer of sport  
12-PAGE SECTION - TOMORROWOLYMPIC GAMES GUIDE  
free with The Independent this Saturday

COUNTDOWN TO THE OPEN: No 22nd appearance for five-times winner while Ballesteros looks to his younger self for inspiration

Injury forces  
Watson's  
withdrawalRICHARD EDMONDSON  
reports from Royal Lytham

One of the most celebrated marriages in the land was terminated yesterday. Tom Watson, a five-times winner of the Open and a visitor to the tournament for the last 21 years, withdrew from the 125th version, which begins on Thursday, with a shoulder injury.

Watson, who despite his 46 years won the Memorial Tournament at Muirfield Village this year and was quietly fancied to add to his eight majors at Royal Lytham, flew in to Scotland for practice with a slightly damaged rotator cuff. When the injury worsened, he was forced to pull out and he returned to the United States yesterday for treatment.

No American golfer has returned to his homeland with an Open trophy collected at Royal Lytham since Bobby Jones in 1926. In the interim, there have been seven Opens on this section of the Lancashire coast and latterly the links have been the domain of Seve Ballesteros. As a 22-year-old, the Spaniard introduced his genius with victory here in 1979, when he earned the sobriquet of the car-park champion. He also succeeded nine years later.

Ballesteros's game is compromised by chronic back problems these days. In an effort to recreate the style of days past, Seve has been studying a tuition video of perhaps the most natural swing the sport has ever

seen. He has been watching himself. "When I watch the film of the Open wins, I see if I can pick up any details I'm not doing now to see if I can inspire myself," he said yesterday. "I'm proud to see what I did before."

When Seve was previously at Royal Lytham, his greatest problem was scything recovery shots out of parking areas. Now he worries about someone else with a scythe. "I'm sad that I can't be youthful for ever but nobody can do that. Everyone is going to die, that is the only truth in life so you can't do anything about it," he said. "You just have to take it. When you watch the films it gives you confidence to go and try to win again. I know it's difficult, I know it's eight years later and my game at the moment is not as good as before, but it is possible."

"The scoring I've had in the last few tournaments in Europe does not show the way I have been playing. I feel that I waste two or three shots in every round that I shouldn't. My game is not 100 per cent, but it's not as bad as some people may think."

The 1988 Open here was the last of Ballesteros's five majors and while he considers another is within reach, it is not a view held by others. Coral make him a 100-1 chance to win the tournament and as big as 6-4 merely to survive the halfway cut.

With a rash of low scores in the qualifiers and yesterday's clear, sunny weather predicted to hold for the rest of the week, some are anticipating the

course will be humiliated. Seve does not. He sees problems around the greens. "I think I won here twice because of my short game," he said. "The greens are small and everyone is going to miss a lot of greens. With the crosswinds, chipping is always going to be important."

Greg Norman envisages difficulties elsewhere. "I think this is a great driver's course," he said. "Like any links course, you have to hit the fairway, and downwind you'd better be able to thread it through the eye of a needle."

Norman remains the world No 1 in the Sony rankings, even though his form has dipped after a promising start to the season. "The last six or eight weeks have not been very stellar at all," he said. "It has been a Jekyll and Hyde season for me."

Too often in majors, Norman's knuckles have become hairy in the closing stages, but, at 41, the desire to improve on his underachievement of just two majors remains. "I will get some juice by Wednesday and in the afternoon there will be a tingling in the belly and I'll know I am ready to go," he said.

Before then, the Australian will familiarise himself with a course he has not played competitively since 1979. "Seventeen is one of the best holes out there, a beautiful hole," he said. "John Daly said there are more bunkers down there than he has had ex-wives. And he missed them all." Not, however, as much as the tournament will miss Tom Watson.

Mr and Mrs Nicklaus and sons (right) follow Gary's fortunes yesterday  
Photographs: Robert HallamNicklaus  
junior falls  
short again

Tim Glover watches a painful exit for a famous name at the Open qualifying

Not even Jack Nicklaus could turn the water into wine. After nine holes the Golden Bear retreated to the clubhouse and emerged bearing a cup of water for his son, Gary. It had been hard work and it must have been as painful for the old man as it was for the son.

The 27-year-old Gary Nicklaus, a professional for five years but thus far no prodigy, was attempting to qualify for the Open Championship for the fifth time and once again he was consigned to the role of spectator. Yesterday was Jack who was doing the spectating as he, and other members of the Golden Bear's family, followed Gary's progress in the final qualifying round at St Annan's Old Links.

On Sunday Gary had shot 68, four under par, but with only 13 places on offer for the field of 120 he needed another sub par score to secure a place in the 125th Open. The skyline at St Annan's is dominated by a roller coaster called the Big One. Yesterday young Nicklaus, who normally receives invitations to tournaments, had his fair share of ups and downs.

At the second hole he three putted and took a bogey five; at

the short third he hit an 8-iron into the left bunker and took a bogey four; at the fourth he drove into the rough, advanced his second shot a mere 10 feet, hit his third into a bunker, came out with a sand wedge and two putts later recorded a double bogey six. He went to the turn in 40 at which point Jack administered the water.

Gary promptly birdied the 10th but despite finishing with an eagle three at the 17th and a birdie four at the 18th his score of 73 meant that he would not be sharing a locker with his father in the clubhouse at Royal Lytham. "I got myself in a hole early in the round and I could not get out of it," Gary said. He was asked if it bothered him, playing golf on family. "I'd rather have dad watching than not," he replied.

At the same course Richard Bostall, who left the Scottish Open at Carnoustie on Saturday with an 85, equalled his record 65 of the first round. This will be his 14th Open and the 11th time he has qualified. "My intention," Bostall said, "is to gain exemption for next year and not put myself through this again. You can't relax. I

could not even have a drink after the first round." He made up for it last night. Bostall, the drinking man's golfer, was heading for his best finish in the Open at Royal Birkdale five years ago when he broke a leg during the third round.

Christy O'Connor Jr., well placed after a 69 on Sunday, walked in in mid round yesterday, complaining of tennis elbow. "I could not hold the club," he said. At Forbury Gordon Sherry, who complained of a bad back in the first round, shot 76 and headed for Kilmarnock. "I'm having two weeks off," Sherry said. "I shan't watch the Open on television. I hate watching golf on TV."

Following a 73 on Sunday, the 6ft 8in Sherry had physiotherapy and yesterday he said: "I had no pain at all. It was just one of those rounds." He started bogey, bogey. "After that," he said, "you are chasing your score and you go for everything. The real dam-

age was done in the first round," Sherry, who turned professional after missing the cut in the Masters at Augusta National, said his disappointment well. This was a crushing blow.

Ricky Willson surpassed himself at Fairhaven, following a 69 with a 65 on a course with a par of 74. Willson had a hole in one at the 10th which measures 226 yards. He hit a two-iron. "It went for ever. I was saying 'please get on the green' and then the ball disappeared." It was his 14th hole in one.

When Willson won the English Amateur Championship at Southport in 1990 he practised by hitting golf balls off the beach. "If you are not swinging well hitting shots off the sand will soon tell you." He spent Sunday night here honing his swing on the beach. Willson was seventh in the Irish Open at Druids Glen two weeks ago after which he said: "I want the dryness of the mouth and a dodgy stomach that

champions get. I felt it in Ireland and it was wonderful."

David Feherty, who jointly led the qualifiers at Forbury, has reverted to the broomhandle putter. "My putting all year has been appalling, dreadful, catastrophic," Feherty said. At Forbury he shot 71, 69. "My putting has been a revelation," he said. "I feel I can hole out from everywhere."

Paul Eales, attached to Royal Lytham, came through at Fairhaven with a 69. A large crowd followed his progress and Eales, who went through qualifying only to miss the cut in the US Open at Oakland Hills, said: "I was embarrassed because I was playing so badly." He repaid the support by striking a spectator on the head at the 17th. The ball rebounded on to the green and Eales holed from nearly 30 feet for a birdie two. That's what you call local knowledge.

The Gary Player paradox, page 22

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1	2	3	4	5	6	7	8
9	10	11	12	13	14	15	16
17	18	19	20	21	22	23	24
25	26	27	28	29	30	31	32

**ACROSS**

- Young setter, say, secures help without financial obligation (4-2)
- Move slowly on road south like a crab? (8)
- Bachelor in two shades of gray produces dispute (4-5)
- Pay visit about one, turning purple (5)
- His fun's spoilt by cold-blooded type (7)
- Tire a touch getting in coal, say, endlessly (7)
- One bit of business is what you aim at (5)
- Choice English lesson (8)

**DOWN**

- Perhaps use diamonds in this garment (8)
- Artless woman's popular information on upper-class English (7)
- Perhaps unable to marry holding liberal to be without restraint (9)
- Time for arithmetic exam? (3,2,9)
- Conspicuous success of two different cities will take time (5)
- Testing oral about a bit of anatomy is brisk (7)
- One receiving a plug for energy (6)
- Possibly parochial spice from Canterbury? (14)
- 29 could be holding acknowledgement of debt firm (9)
- Feeling no male could be conscious (8)
- A fault including a king's greed (7)
- Hit colonel having died gracefully (7)
- A fuss about a US soldier's movement (6)
- Full woman into wood (5)

**Monday's solution**

1. BACHELOR 2. CRAB 3. DISPUTE 4. PURPLE 5. COLD 6. COAL 7. ENDLESS 8. LESSON 9. GARMENT 10. WOMAN 11. INFORMATION 12. LIBERAL 13. REINSTATE 14. CANTERBURY 15. DEBT 16. CONSCIOUS 17. GREED 18. COLONEL 19. MOVEMENT 20. WOMAN 21. WOOD

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## Clubs plan legal action over ban

Rugby Union  
DAVID LLEWELLYN

Twickenham have found an unexpected ally as they strive to keep England in the Five Nations Championship. Donald Kerr, the chairman of the English Professional Rugby Union Clubs (EPRUC), last night warned of possible legal action on the part of the clubs if the other four unions succeed in expelling England from the Five Nations Championship.

Kerr said: "The other four unions are currently operating, or attempting to operate, anti-competitive practices. They have formed a cartel to exclude England and we think that what they are doing is illegal."

"Anti-competitive practice is against the law both in the UK and in the European Union. We

are running businesses now and these guys [in the other four unions] just don't seem to understand that you cannot dictate, you can't operate cartels.

"I am sure if it goes much further we will be asking the Office of Fair Trading to have a look at what they are doing. I think they have to recognise that the clubs are a beneficiary of the BSKYB agreement, and we feel we have to protect that situation. If they are trying to induce either Sky or the RFU to break the contract then we are entitled to damages."

"From our point of view, no other broadcaster is prepared to put money into club rugby. How are we supposed to get a professional sport off the ground if no money is going to come into it? We believe the other unions are on very dangerous ground. And if they go

all the way and try to restrict contact between clubs, and all the other various levels, they could be in serious hot water."

The players are also beginning to show concern. Will Carling said: "English rugby cannot survive without the Five Nations. The Five Nations Championship has to be saved. It has been the foundation for the northern hemisphere for years."

"We should have the Five Nations and we should add to that. We should be bringing in Italy and everyone else. I was in France 10 days ago and there were players from all the countries there and they were saying we have to play the Five Nations. They want England in it."

There were conciliatory noises from all four rival unions yesterday. France's president, Bernard Lapasset, said the door was still open to England, while

the Scottish Rugby Union issued a statement welcoming the call by the new RFU president, John Richardson, for urgent talks. However, the SRU said the situation was "beyond the 11th hour", and the RFU must come to an agreement "in a matter of days rather than weeks" if they were to be reinstated.

To that end, Richardson last night issued a statement from Twickenham which opened the way for further talks.

"I read: 'I am pleased to note from the Scottish Rugby Union press statement that Scotland, Wales and Ireland have left the door open for further discussion. We are committed to and value highly, the Five Nations Championship.'

"The RFU's principal aim is to ensure the future well-being of English rugby and we believe that this includes being part of

the family of nations. On that basis we are prepared to meet the other nations and consider ideas consistent with that aim."

But the other four unions have insisted that until the matter is resolved England will remain in exile from the tournament.

Vernon Pugh, the Welsh Rugby Union chairman, said last night: "We have discussed the Four Nations' tournament with the BBC and they have given us assurances that they have no difficulty with it at all."

English players will be selected for the British Lions tour of South Africa next summer even if England do not participate in the Five Nations Championships. Ray Williams, the chairman of the tours committee, confirmed that the selection process will involve all the British and Irish unions.

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